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**No. 362**



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11 July 1983

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No. 362

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## NATIONAL POLICY AND ISSUES

### GUANGMING RIBAO DISCUSSES PRICE SYSTEM REFORM

HK220503 Beijing GUANGMING RIBAO in Chinese 5 Jun 83 p 4

[Article by Liu Zhuofu [0491 0587 3940]: "Several Questions in Price Reform"]

[Text] Price reform is an important component part of the reform of the administrative system in the national economy. With the gradual unfolding of the reform in the economic administrative system since the 3d Plenary Session of the 11th CPC Central Committee, a survey has been made in the reform of the price system and measures in price administration. For example, purchasing prices of agricultural products have been raised by a large margin, the prices of coal, iron ore, cast iron, and some steel products, cement, and timber have been raised; the prices of part of some machinery products and electronic products have been cut, and the retail prices of eight articles of nonstaple food, tobacco, and wine have been raised. Prices of some articles of consumer goods have been readjusted, some raised, and others cut. In January this year, the prices of synthetic fabrics were cut, while the prices of cotton textile products were raised. As a result, the irrational situation of the price system has to some degree improved. In price administration, there has been a breakthrough in the administrative form of a single price fixed in a unified way by the state. Various forms of price administration have appeared, such as unified prices fixed by the state, floating prices, negotiated prices for purchase and sale, negotiated prices in industrial and commercial enterprises, country fair trade price, and so on. In many enterprises, settled accounts prices have been adopted within the enterprise. At the same time, administration and supervision of market prices have been strengthened. These preliminary reforms have played a good role in bringing into play the lever function of price, promoting the development of production, readjusting the supply and demand of the market, promoting the rationalization of the economic structure.

However, at present, the irrational condition of prices in our nation is widespread, and in some cases quite serious. There are problems in price level, in price relations between various products, and differences between price, quality, area, and between wholesale and retail prices. Measures in price evaluation are complicated, the sum of price allowance grows larger and larger, and there are many shortcomings in the measures of price administration. If prices are irrational, the objective standards in judging whether the management is good or bad, and whether the economic results are good or bad will be lost; and this will impede the specialized coordination and union between trades, enterprises,

and regions, will be disadvantageous to technological advance and the upgrading of economic results, and will seriously hinder the smooth undertaking of the various reforms in the administrative system of the national economy. Therefore, it is imperative to carry out reforms in the price system and measures in price administration.

#### Preliminary Plans For Reform In The Price System

Agriculture, energy resources and transportation are the strategic focuses in the economic development of our nation, and the key aspects in the reform of the price system. Besides, prices of consumer goods, construction products, and rent are also problems to be solved in the reform of the price system.

1. Purchasing prices of agricultural products. Through readjustment over the past few years, the general level of the actual existing purchasing prices of agricultural products enable the promotion of the development of agricultural production. Regarding the purchasing power of the state, conditions do not exist for the raising of the purchasing prices of agricultural products in the near future. Therefore, for a certain time to come, the general level of the purchasing prices for agricultural products will be basically stable. At present, the existing problems in the prices of agricultural products are mainly raising prices for products surplus to state quotas, bonuses for sales, and the irrational price relations between grains and such economic crops as tobacco and rape seed and special native products. These problems must be solved. During the Seventh 5-Year Plan, it is necessary to further narrow the difference of exchange between industrial and agricultural products in accordance with the developing change of the labor production rates of industry and agriculture, by readjusting the price relations between the purchasing prices of agricultural products; and, by readjusting the purchasing prices of agricultural products, to bring about the rational arrangement of the price relations between various agricultural products, so as to enable each product to bring in a reasonable income; and in particular, the price relations between grains and economic crops should be well arranged, so as to promote the faster development of agriculture.

2. Prices of energy resources. There are shortcomings in the price formation of coal in our nation. First, cost calculation is incomplete, with some expenses which should have been included in the cost not taken into account; second, the ratio of fixed assets within the coalmines' total assets is great. In the past, price was fixed in accordance with the profit rate of its cost, resulting in a very low profit rate on capital. Besides, in petroleum, because of the poor natural condition of new oilfields, and the deterioration of old oilfields, some oilfields have been making losses. The irrational price ratio between coal and petroleum is disadvantageous to economizing on such scarce natural resources as petroleum. As the prices of coal and petroleum are on the low side, the price of electricity is consequently also on the low side; this is again is not conducive to energy saving. Therefore it is necessary to raise the prices of energy resource products. In readjusting the prices of energy resources in the future, it is necessary to overcome the shortcomings of previous price formulation. Those items that should be calculated in the cost of production, such as maintenance cost and expenditure in geological surveying,

should be added. Appropriate price relations between coal, petroleum and natural gas should be arranged in accordance with the degree of availability. Those mines where natural conditions are better will have to pay a natural resources tax. The price of electricity should be fixed on the basis of the cost of coal consumption in generating the electricity.

3. Transportation prices. At present, apart from automobile transportation prices, prices for other means of transportation have long been on the low side in our nation. In order to promote the development of the strategic key of transportation, apart from ensuring investment in it, it is necessary to readjust its prices. First, prices of railroad transportation are on the low side at present, resulting in the pouring of large quantity of goods and materials onto the railroads. It is necessary to give consideration to the appropriate readjustment of railroad transportation prices by stages, so as to enlighten the load on the railroad. Second, it is necessary to readjust water transportation prices. In order to change the situation of transporting goods and materials into Sichuan by rail, the policy of lowering the prices of water transportation [words indistinct] cost of light cargo and articles of daily use simply by tonnage, and this should be appropriately readjusted. Third, the present method of fixing automobile transportation [words indistinct] a uniform price rate, making no discrimination between good or bad road conditions, long or short distance a single vehicle or one with a trailer, produces many contradictions in practise, and these should be solved. Besides, preferential prices in transportation should be reorganized.

4. Prices of building materials and rent. As a result of denying the fact that the construction industry is a material production sector, and that construction products are commodities, and of the practise of "eating from the same big pot" in the calculation of project budgets, and the system of being reimbursed for whatever is spent, prices of building products are far from rational, and reforms are required. However, the potential for lowering costs in construction enterprises is great, and it is not necessary to raise the price of building products. In order to basically change the situation of "eating from the same big pot" and reimbursing what has been spent, consideration may be given to practising the method of inviting and submitting tenders for some construction projects. Small projects or civil installations may be invested in by the construction departments themselves, and sold to units concerned at planned prices or limited floating prices in accordance with supply and demand. In order to better solve our country's housing problem, it is necessary to recognize the commodity nature of urban residential houses, and draw up rent standards in accordance with the principles for fixing the prices of ordinary commodities, so as to enable housing management departments to recoup the costs of depreciation, maintenance and management, and gain an average profit. It is also necessary for big cities to levy a fee on the use of land. As rents are raised, the wages of workers and staff members will also be raised corresponding. The more floor space, the higher the rent will be, and rent allowance will be abolished.

5. Retail prices of consumer goods. With the growth of production and the expansion of circulation, under the premise of ensuring the stability of the life of the people, it is necessary to readjust retail prices step by step in a planned way linked with the readjustment of tax rates and wages, so as to

gradually diminish the scope and quantity of price allowances, and solve the problem of the irrationality of various price relations and price differences.

The reform of the price system involves all the various links of production, circulation, distribution and consumption; in essence, it is a readjustment of the economic interests between various economic departments and various social groups, and various strata, and it is a vital and complicated question that involves the whole situation. Therefore, an active and at the same time serious attitude should be adopted. In accordance with the realities of our nation, it is necessary to carry out the reforms step by step on the basis of overall planning, and take a step forward every year, by solving those problems for which solutions have been prepared, so as to realize an all-round reformation slowly and gradually. At the same time, in the course of the reform, a few campaigns can be organized in some key commodities. To be brief, as long as we start from realities, make serious investigation and study, and sum up experiences, we will find good methods and measures for solving the price problems of our state.

#### Keep Prices Basically Stable in The Course of Reform

It is clearly indicated in the report of the 12th CPC National Congress that price reform should be conducted under the premise of keeping prices basically stable. Price stability is vital for the development of the national economy, the security of the people's lives, and hence the preservation of political security and unity. If violent price fluctuation occurs in the course of price reform, it will inevitably bring about serious economic and political effects, and price reform itself will be nipped in the bud. Therefore, it is imperative to keep prices basically stable in the course of price reform.

We should clarify the fact that the basic stability of prices does not mean that prices should remain unchanged; it does not mean to stop the rational readjustment of commodity prices, nor to stop the fluctuation of commodity prices within a certain limit; but constant rational readjustment of prices is the way to avoid great fluctuation of commodity prices. As a result of the fact that prices have remained unchanged for many years past, and especially that temporary measures for the strict control of prices were adopted a couple of years ago, people often get the wrong impression that only when prices are frozen are prices stable. This view is not correct. In the reform of the price system, it is necessary to make rational readjustment of the irrational prices accumulated over the years, and to make certain changes in the general level of prices and certain commodity prices. Regarding some commodity prices, the degree of readjustment might be very great; however, as long as the general level of prices only undergoes small changes, this may be regarded as the basic stability of prices.

The fundamental channel to realize the basic stability of prices is to strive to upgrade economic results, lower the production cost of each production, do a good job in the comprehensive balance of the national economy, and realize the balance between finance and credit, and between suppliable volume of commodities and social purchasing power. At present, economic results in various areas are still very poor. Wastage in the fields of production, construction and circulation is still shockingly high. The consumption of raw materials, fuel, and work-houses, the utilization rate of equipment in industrial enterprises, the con-



struction period of large and medium-scale projects, and the circulating speed of floating capital in industrial and commercial enterprises have not yet reached the best record in history. As long as we implement in seriousness the principle of readjustment, restructuring, reorganization, and upgrading, economic results can be greatly improved. On the basis of improving economic results, as long as macroeconomic control measures are proper, and the policies correct, the strict control of the financial issuance of currency is practised, the scale of increase in the average income of the workers and staff members is under control and kept within the scale of increase of the national economy, so as to realize the three great balances, the basic stability of prices will be maintained.

Regarding price work itself, there is a lot of hard work to do to keep prices basically stable. It is necessary for us to plan with great care, organize meticulously, to do a conscientious and good job of general planning and overall balancing and to carry out the work step by step in a planned way, so that the change in the general level of prices may not be too great. At the same time, it is necessary to make use of the economic lever of tax revenues and wages, and necessary financial measures, so that the change in prices may not affect the living standard of the broad masses of people. It should be stressed here that price reform is a reform of irrational phenomena. If in the course of raising the prices of some products which are on the low side, other products should also follow suit, this will result in counteracting the function of price readjustment, and there will be no reform. To ensure the basic stability of prices in the course of price reform, it is also necessary to focus on socialist spiritual civilization, guiding people with communist ideology to correctly handle the relations between present and long-term interests between partial and, overall interests, and the mutual relations between regions, and departments on the question of price. In studying the change of price levels, we should all start by upgrading socialist economic results, and should not calculate on our own individual interests, still less damage the interests of others.

#### Concerning Reform in the Methods of Price Administration

Concerning reform in the methods of price administration, the following problems are to be dealt with.

First, correctly implement the policy of taking planned prices as the main, and free market prices as the supplement. Ours is a socialist nation; there exists the question whether it is necessary to persist in planned administration, and whether it is necessary to persist in taking planned prices as the main body. This is a big question which has a bearing on the fundamental orientation of the price reform in our nation. The practise of having a totally free price system does not conform to the basic situation of our state, and it is not in coordination with the fundamental orientation or pattern of the whole economic reform in our nation. In the socialist economic life of our nation, planned prices and planned economy are inseparable. Planned economy is the premise of the practise of price reform, while planned price is the objective requirement and necessary guarantee of realizing planned economy. The maintenance of planned price as the main is of great significance to restricting the blindness of free price, maintaining the basic stability of market prices, and guaranteeing the smooth

realization of the national plan. In a big country like ours, which is low in production level, if planned administration is given up, and prices are allowed to rise and fall freely, chaos in economic life will surely result. Leaving aside socialist countries, even in the contemporary capitalist world, an entirely free market price system does not exist. For a long time, planned price has been carried out in our nation; there exist some irrational phenomena, which derive not from the planned price system itself, but from the mistakes in our work or malpractices in specific administrative methods. We should not therefore be doubtful about or go so far as to give up the planned administration prices. Our purpose of reform is by no means to abolish planned prices, but to improve scientifically planned prices, and perfect the administration over planned prices.

Of course, another deviating tendency should also be avoided, namely rigid thinking, sticking to old customs and methods, and the desire to make all administration [word indistinct]. Under conditions of socialism, there are two forms of readjustment: one is the conscientious use of the law of value in readjustment; the other is the deliberate readjustment of the law of value, in accordance with the change in the supply and demand of the market, readjusting production, circulation and consumption along with changes in the market. The former form of readjustment is the main, while the latter plays a supplementary role. As to the scope to be allowed in the deliberate readjustment of the law of value, it should be decided upon on the basis of concrete investigation and study. Now that the prices of three categories of small commodities have already been freed. As to departments undertaking the practical work, a current tendentious problem is that people are more familiar with adopting planned prices, but unfamiliar with more flexible price forms; they are experienced in rigid administration, but lack the measures to make the administration lively. The administrative forms of our price administration should be as flexible as possible; it is necessary to change the single form of price fixing by the state, and to practise various forms of price administration such as unified price fixing by the state, floating price, negotiated price by industrial and commercial enterprises, negotiated price, and country fair trade price. To make the price administration more flexible, it seems that floating price will possibly become the chief form.

Second, it is necessary to persist in the principle of "unification of leadership, and administration at different levels" in the power over price administration. In the division of power over price administration, it is imperative to carry out the method of rational division of power between the central level, the localities and the enterprises. The principles, policies, laws, and regulations concerning price should be in the unified grasp of the state; prices of important industrial and agricultural products, prices of important transportation, and important noncommercial charges, should come under the administration of the state price bureau and responsible departments. It is necessary to appropriately expand the authority of the localities in price administration, and endow the enterprises with certain authority to fix prices. It is necessary to make a good study of the limits of the enterprises' power to fix prices, and in what areas it is given. With the development of the reform of the economic system, economic centers, big and small, are being formed with cities as their centers, so many flexible prices can be handled by economic centers; some prices can also be fixed and readjusted through the negotiation of trade associations.

Besides, to perfect the legal system in prices, and strengthen examination and supervision, is also a problem to be solved in price administration.

To sum up, it is necessary for us to establish, through reform, a price administration policy which is unified in leadership, but flexible, combining legal, administrative and economic means, so as to keep prices constantly rational, but at the same time relatively stable, possessing a certain degree of competition, so as to better [words indistinct] play the lever function of price.

CSO: 4006/612

## NATIONAL POLICY AND ISSUES

### JINGJI RIBAO DISCUSSES ZHAO REPORT TO NPC

HK171430 Beijing JINGJI RIBAO in Chinese 9 Jun 83 pp 1, 3

[Editorial: "Concentrate Financial and Material Resources to Guarantee Priority Projects--Reading Premier Zhao Ziyang's Government Work Report"]

[Text] On behalf of the State Council, Premier Zhao Ziyang delivered a government work report to the first session of the Sixth NPC. The report summed up the great achievements and basic experiences in the past 5 years and put forward the main tasks in the next 5 years and the measures for fulfilling them. It has greatly strengthened the confidence of the people of various nationalities throughout the country in achieving the grand goal of socialist modernization.

The report raised a most prominent problem in current economic construction, that is, how to concentrate our financial and material resources to rapidly develop priority projects. As a large and poor country, China has insufficient financial resources and its limited funds are seriously scattered and cannot be concentratedly used on priority projects. If such an abnormal situation is not rapidly changed, priority projects cannot be guaranteed in the state's financial and material resources, the task for laying down a good foundation in the 1980's cannot be fulfilled, and a new economic revitalization in the 1990's will become hopeless.

How is it that the state's financial income has dropped despite rapid development in social production? There are many reasons, the most important one being that some of our leading cadres still lack a profound and unified understanding of the correctness and necessity of the policies being practiced in current construction, resulting in blindly dealing with concrete problems in practical work. It is hoped that everyone will seriously sum up experience, analyze the status quo, broaden their mind, and take into consideration the overall situation, so as to more consciously and resolutely uphold correct policies in construction.

It is a basic starting point of our guiding principle in construction to integrate the basic truth of Marxism with the concrete practice of our country, to adhere to the principle of seeking truth from facts, and to do everything according to China's conditions. China is a developing socialist country with a vast territory, a large population and a poor economic foundation. At no time should we forget this national condition of our country. China has abundant



natural resources and the Chinese people are diligent and brave, having a strong desire to develop socialist economy. These are favorable conditions for speeding up economic construction. However, a practical material and technological basis determines that the process for achieving modernization in China will be a protracted and difficult one, and we must carry out the policies of doing everything according to our own abilities and marching forward smoothly. The report pointed out: "We can only achieve the goal of modernization in stages and step by step. We must never transcend objective conditions to do things which cannot be done, but must, within the limits of objective conditions, do those things which can be done through our efforts. Apart from some other factors, the several big setbacks in our previous economic construction were mainly due to our divorce from China's reality and excessively high and urgent demands in our guiding principle." This paragraph is very important. We hope that everyone firmly remembers historical experience, always remains sober-minded and resolutely adheres to the principle of seeking truth from facts and the guiding principle of marching forward smoothly. This is the principal requirement to guarantee the continuous development of the current excellent situation.

In order to adhere to a correct guiding principle in construction, we must properly handle the relationship between accumulation and consumption, construction and livelihood and must make the scale of capital construction correspond with national strength. For quite a long time in the past excessively high accumulation rate and excessively large scale of capital construction went beyond the capacities of our national strength, which constituted one of many important reasons for unstable economic development. In recent years, particularly at the end of 1980, the central leadership made a determination to reduce the excessively high accumulation rate and to diminish the excessively large scale of capital construction so as to eliminate comparatively large financial deficits and to stabilize the overall situation of the national economy. This was a decisive action of bringing order out of chaos in economic work, indicating the great achievement in readjustment. However, along with increasing improvement in the economic situation, there has appeared a tendency of blindly expanding the scale of capital construction. In 1982, the national investment amount in capital construction [word indistinct] exceeded the original plan, resulting in the shortage of energy, raw materials, and other main goods. What merits our attention is that this tendency has not yet been effectively halted. Therefore, Premier Zhao in his report once again stressed that the scale of capital construction "must correspond with the national strength, and must not go beyond the capabilities of financial power and goods supply. If we go against this objective economic law, we will be punished by reality." He also solemnly pointed out: "A highly-centralized and unified management must be carried out in the capital construction of the whole country, and the State Planning Commission must be responsible for overall balance." This is a prime issue concerning the fundamental interests of the people throughout the country, and we believe it will be warmly supported by all the deputies. The report also pointed out: "In the next few years, we must treat as an important task of the government and put on our agenda the proper distribution of the national income, the elimination of decentralization in funds and the proper increase of the proportion of financial income in the whole national income. In the distribution of the national income, we must take into account both the people's overall interests and individual interests, long-term interests, and current interests. We must, on the basis of

developing production and increasing national income, gradually make people rich and increase the income of enterprises. Meanwhile, we must also continuously increase the state's financial income and make the country rich. The increase in workers' and staff wages, bonuses and welfare funds must be lower than that of enterprises' profits and tax money submitted to the state. We must resolutely call a halt to the practice of wantonly allocating bonuses.

"The increase in peasants' income must mainly come from the development of production and the reduction of cost. At present, the subsidy to the price of agricultural products and other subsidies granted by the state has reached some 32 billion yuan, and if no measures are taken, it will continue to greatly increase, which will go beyond our country's financial abilities. Therefore, we must control it." Of course, we must continue to pay great attention to improving people's livelihood and this is a firm policy. For quite a long time in the past, we owed too heavy a debt. At present, we must repay the money as much as possible. But our country has a poor foundation and we are living in hard and pioneering times. If we do not accumulate the necessary funds to carry out priority projects, the state cannot develop and the continuous improvement of people's livelihood will be without foundation. "First, feed people; second, carry out construction." Therefore, the people's livelihood must continuously be improved along with the development of production, but must not be carried out too rapidly. This is also a prime issue concerning the fundamental interests of the people throughout the country, and we believe all the deputies and the people of various nationalities of the country will resolutely support it.

In order to adhere to correct policies in construction, we must also properly handle the relationship between centralization and decentralization, and overall situation and partial situation, so as to ensure the fulfillment of priority projects concerning the future of the four modernizations. At present, the general scale of the national capital construction is small. The problem is that investment in the construction directly arranged by the national budget accounts for only a small percentage, and capital construction using funds raised by localities, departments, and enterprises themselves and involving various loans account for a large percentage. And the investment of priority projects, such as energy and transportation, fails to meet the requirements of the state plan, and general processing industries and nonproductive construction far exceed what is stipulated in the plan. This state of affairs must be changed swiftly. In the past, there existed in China's economic management system the defects of excessive concentration and rigid control. In the recent years, we have carried out initial reform, granting necessary decisionmaking power to localities, departments, and enterprises, and bringing into full play their creativeness and initiative. This is absolutely correct. In the future, we must continue to reform unreasonable rules, systems, and management methods which dampen the enthusiasm of all fields. Never should we repeat the previous mistakes of excessive concentration and rigid control. Nevertheless, leading cadres of all localities, departments, and enterprises must never forget that one of the principled differences between socialist economy and capitalist economy lies not in whether there is a plan within an enterprise, but in whether there is a state plan guiding the whole national economy. If some localities, departments, and enterprises, due to the expansion of their power and more funds, rush headlong into mass action, and carry out repeated construction and blind development, it will certainly

imperil the state's unified plan and seriously undermine the whole national economy. Only when efforts are really made will something worthwhile be done. While carrying out construction on a poor foundation, we must concentrate our financial and material resources to complete several major tasks. In the 1950's, "156" projects were completed with the support of the whole country, and they are still playing an important role in our country's economy. Over the past 30-odd years since the founding of the PRC, many setbacks have been encountered. But we have, after all, established an independent and relatively comprehensive industrial system and national economic system, laying down an initial foundation for further developing modernization. This is also a result of concentrating our strength to carry out construction. That we can concentrate the strength of the whole country to resolve urgent problems in the overall situation of the national economy is the best indication of the superiority of a socialist planned economy. We must never imperil or discard the superiority, but must bring into full play its role and integrate it with the enthusiasm of the localities, departments and enterprises. There are two kinds of enthusiasm. One is the enthusiasm which is beneficial to improving the economic results of the whole society under the guidance of the state's unified plan and within the limits of the national comprehensive balance. The higher this enthusiasm is roused, the better. The other is the enthusiasm which imperils the economic results of the whole society, departs from the state's planned guidance, and undermines comprehensive balance. Such enthusiasm is actually blind. It may play a partial and stimulating role at some time and in some places, but it seriously undermines the overall situation. Therefore, the report stressed: "It is necessary to firmly establish the idea of partial interest being subordinate to overall interest." At present, there exist in many localities, departments, and enterprises not only many problems concerning the arrangement of capital construction, but also various defects violating financial and economic discipline, such as improperly squeezing cost, evading taxes, holding up financial income which should be submitted to the state, and changing public belongings into private ones. All these must be rectified and straightened out. Leading cadres at all levels must act upon what was pointed in the report: "Dare to safeguard the state's interests, strictly observe financial and economic discipline, and resolutely fight against such phenomena." Those who monstrously neglect their duties, particularly those who are charged with executing the law but violate it, must be severely punished according to law.

During the Sixth 5-Year Plan, a total of 890 large and medium-size construction projects have been started or are continuing to be built. Among them, 93 projects involve an investment of over 500 million yuan each. These priority projects, particularly those of energy and transportation, have a bearing on the overall situation of the national economy and the future of the four modernizations, and play a decisive role in upgrading the technological level of the national economy, coordinating the proportional relationship between different fields, further perfecting economic planning, and developing new industries. As large key projects involve large investment, require a long circulation period of construction, and must be supplemented by a series [of] projects, it is, therefore, impossible for a single locality or department to carry them out well, and thus it is necessary to concentrate the strength of the whole country to go all out. Recently, leading organizations of the party and government in Shanxi and Shandong Provinces and Nei Monggol Autonomous Region have held specific discussions to research the problem of overall arrangement in capital construction

and have made a decision to reduce nonpriority projects in capital construction, and to take measures to support the construction of the state's priority projects in all fields with concentrated efforts. Shandong also has made a stipulation to ensure the construction of priority projects in the fields of planned arrangement, the utilization of funds, the distribution of goods, the import of technology, and the assignment of different responsibilities to the construction contingent leaders, thus implementing the task in six fields, namely, funds, materials, equipment, designing, construction contingent, and coordination. This practice merits recommendation. We hope that leading comrades of all localities, departments, and enterprises can properly weigh the pros and cons, correctly handle the relationship between partial interests and basic interests, try every means to concentrate financial and material resources, and ensure the successful fulfillment of priority projects.

CSO: 4006/612



## NATIONAL POLICY AND ISSUES

### JINGJI RIBAO FURTHER REVIEWS ZHAO REPORT TO NPC

HK200933 Beijing JINGJI RIBAO in Chinese 10 Jun 83 p 1

[Editorial: "Properly Run Priority Projects With Strong Sense of Responsibility-- Further Reading Premier Zhao Ziyang's Government Work Report"]

[Text] In his "Government Work Report" to the first session of the Sixth NPC, Premier Zhao Ziyang pointed out: "Waste is now very serious in capital construction and the investment in many priority projects has far exceeded the budgetary estimate for the projects." This state of affairs merits the serious attention of all departments and localities.

At a time when financial and material resources are still very limited, the whole country must firstly concentrate its efforts on guaranteeing the construction of priority projects. Designers and builders of priority projects must pay attention to the interests of the state and people, strengthen economic management in design and construction, do their utmost to save funds under the premise of guaranteeing the quality, and avoid various wastes in the process of building priority projects. It is necessary to act upon what Premier Zhao pointed out in his report: "We must, with a strong sense of responsibility to the state and people, properly manage and use the funds accumulated through the people's hard labor, thus living up to their expectations."

The present priority projects are large-scale ones, which require a long construction period, involve much cooperation and coordination, and need advanced and complication technology. We have no previous experience of some projects. This requires us to set high demands in everything and carry out careful calculation and strict budgeting. A mistake in one link will lead to the loss of several millions, tens of millions, or even hundreds of millions of yuan.

Experience has shown that design, construction, and management personnel of priority projects are prone to thinking themselves important and squandering money without restriction. Sometimes they may, under the pretext of priority projects, wilfully add items, practice overestimation overcalculation so as to exceed budgetary estimate. Meanwhile, in the process of taking over land, resettling its residents, and construction, some units often fleece priority projects of their funds, resulting in repeated addition of investment in the projects and serious waste.

Of all the 70 priority projects in the country, only 24, including Shanghai's Baoshan steel # iron plant and its coordinating projects, Jiangsu's Yizheng No 1 branch chemical fibre factory, the Zhejiang chemical fertilizer factory and the Sino-Japan Friendship hospital, have managed not to exceed budgetary estimate. The other 46 projects have all exceeded to different degrees their budgetary estimate, involving a total sum of 8.4 billion yuan and accounting for 39.6 percent of the approved budgetary estimates of these projects. This indicates that waste is relatively serious in the construction of priority projects. Of course, there are many other reasons for excess in budgetary estimate, but various wastes are the main one.

In order to call a halt to the waste, designers and builders of priority projects must first of all establish an idea of thrift to safeguard the interests of the state and people, treasure the state's funds and property, make an analysis of economic work in every link from design to construction, and refrain from willfully changing approved plans and proposals and from unreasonably exceeding approved budgetary estimate. If the total sum of investment needs to be readjusted due to special reasons, it should be reported in advance to relevant departments of the State Council to be approved after examination. Design personnel must proceed from the state's stand to safeguard the people's interests, and always remember that "one line in their design may concern an investment of millions upon millions of yuan," adhere to a strict and scientific attitude, ensure that design blueprints correspond with our country's reality, and achieve the goal of advanced technology at a reasonable cost. Second, while carrying out the work of taking over land, resettling its residents, and construction, we must strictly observe relevant laws and regulations, dare to fight against unhealthy practices harmful to the interests of the state and people, and never let any people take advantage of the state and fleece it of money. Third, planning, financial, banking and statistics departments must perform the duties of checking and supervision, strictly make checks on the fields of investment, materials and equipment involved in projects, and call a halt to waste so as to ensure the proper utilization of investment in the state's priority projects. Fourth, it is necessary to immediately organize necessary forces to check the construction of priority projects so as to praise good ones and expose and criticize bad ones. Those who neglect their duties, resulting in heavy losses and serious waste, must be punished according to administrative discipline and law.

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## ECONOMIC MANAGEMENT

### SHANGHAI ACHIEVES SUCCESS IN 'TECHNICAL TRANSFORMATION' PROJECTS

Shanghai JIEFANG RIBAO in Chinese 23 Jan 83 p 1

[Article by Hu Maoliang [5170 5399 4731]: "Shanghai Establishes 66 Technical Transformation Projects Last Year"]

[Text] The 66 technical transformation projects that the city stressed last year and that are required to be completed during 1982 have already basically been accomplished, among them 46 projects presently have already been put into production, and the economic results are outstanding. According to statistics, the overall investment of these 66 technical transformation projects is 39.4 million yuan. After all go into production it could increase the yearly output value by 181 million yuan, with yearly profit 5.5 million yuan, equal to 1.39 times the total investment.

Among these 66 programs, some renewed technical equipment and increased production capabilities, such as new special purpose equipment for the production of bicycle roller chains, seats and screws and equipment for beer bottling and food canning; some speeded up new types of metals, chemicals, and building and packing materials which are in short supply, such as the stainless steel sheet metal of the Shanghai No 3 Steel Mill and the paste form polyvinyl chloride resin of the Tianyuan Chemical Plant; some raised the technical level of the production of electronic components such as the imported production line of magnetic heads of the Yongjian Tape Recorder Factory, the production line of the disk ceramic electrolytic capacitor of the Shanghai No 1 Radio Plant and the automated production line of the electrolytic capacitor of the Tianhe Capacitor Plant; some resolved the three wastes and improved working conditions, such as the transformation project of the contraceptive medicine 7300 of the No 9 Pharmaceutical Plant; and some others strengthened scientific research development and strengthened measurement test methods, such as the nonferrous metals industry strengthening measurement test methods in physics and chemistry. The achievements of these projects created conditions to raise the quality of products, develop the variety of colors and designs, increase the production of goods that cater to market demand, and raise the technological level of production.

The completion of these 66 key technological transformation projects in 1982 was the result of strengthened organization and leadership of technical transformation work. At the end of 1981, the municipal government, in order to strengthen the leadership and management of the technical transformation of

industry throughout the city, resumed the establishment of the Municipal Production and Technology Bureau. After the Bureau was established, under the leadership of the Municipal Economic Commission and the Municipal Planning Commission, and proceeding from strengthening technical progress and heightening economic results, it carried out concrete analysis on each of the 330 key technical transformation projects that were newly planned in 1982, and listed 66 projects among them that could be completed last year as the focal points of work in 1982. Considerable attention was devoted to these projects. They, together with the responsible people from each bureau, company and plant who were in charge of the projects, thoroughly studied and clearly defined the responsibilities. In management work, they also reformed the system of examination and approval, transferring the authority for examination and approval to a lower level, formulated the monthly report system and the planning progress chart of 40 projects that the bureau emphasized, and insisted on a regular meeting of technical transformation work once each month to listen to reports of each bureau on the projects' progress. They also often went down to the grass-roots units, helped summarize experiences, convened on-the-spot meetings and organized exchanges to push forward the work of technical transformation. Regarding the various problems of technical transformation confronted by the plants at the basic level, the Municipal Production and Technology Bureau paid attention to them all. The Bureau discussed them with each section, commission, and office, striving to help and resolve the problems with the support of different quarters to ensure the smooth progress of each key technical transformation project.

The smooth completion of these 66 key technical transformation projects is also due to the vigorous cooperation of the parties concerned and good preparation work done in the early stages.

Among these 66 key technical transformation projects, 18 were achieved through the introduction and assimilation of foreign advanced technology. This is an effective shortcut to improve the technical equipment of various industries as quickly as possible. The Tianhe Capacitor Plant put together key equipment that was imported with a complete domestically built automation system to form a new automated production line for electrolytic capacitors. Since the test production in August of last year, equipment operation has been normal, and the rating of product standards has greatly improved. The cost has gone down approximately 10 percent, and at the end of the year, there was an increase of 4.5 million small electrolytic capacitors produced, realizing a profit of 400,000 yuan. It is estimated that loans can be paid off this year.

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## ECONOMIC MANAGEMENT

### PROBLEMS OF MANAGEMENT RESPONSIBILITY SYSTEM DISCUSSED

Fuzhou FUJIAN RIBAO in Chinese 8 Apr 83 p 3

[Article by Huang Zonggui [7806 1350 2710]: "Discussion of Several Problems in the Management Responsibility System"]

[Text] The financial and trade departments of Fuzhou Municipality have scored outstanding achievements in implementing the management responsibility system. However, some problems remain. Smooth implementation of structural reform cannot be guaranteed unless such problems are solved. I will talk about my opinions on the following several practical problems.

#### Problems Concerning the Profit Base of Fixed Quotas

The base is the focal point of the management responsibility system, involving the issue of equal pay for equal labor and the question of whether the management responsibility system can achieve higher economic results. The base of fixed quotas concerns two relations -- one between the interests of the state and enterprises; the other, between the interests of enterprises and workers. If quotas are high, enterprises and workers will lose their enthusiasm. If quotas are low, the state will suffer losses. Both cases would affect the development of production and management and macro-economic results. The current common practice is to use the actual production figure of the past year or the average production figure of the past 3 years plus the natural growth rate as the base of this year's contract. This measure is simple and easy to carry out. Enterprises will profit from it whether their management was originally good or poor. The problem is this: in the same industry, different enterprises have a different management basis, and relatively well-managed enterprises have less potential than poorly managed enterprises. This will unavoidably result in the phenomenon of "whipping the fast cattle" and "uneven distribution of hardship and pleasure." At present, it is necessary to give special consideration to poorly managed enterprises in regard to profit quotas. However, it must be to a certain degree; otherwise, the enthusiasm of well-managed enterprises will be dampened. We must admit that the profit base of fixed quotas varies, but we cannot violate the socialist principle of distribution according to work. Therefore, if the profit base of fixed quotas varies, we should regulate it from the proportion of profits to be retained to suit the principle of distribution according to work.

Another problem concerning the profit base is the difference of management conditions such as location and facilities. Because of this, the same amount

of labor put in by the workers of different enterprises does not yield the same results in society, nor the same amount of profits for the enterprises. Enterprises with favorable conditions will have surplus income compared to enterprises with poor conditions, which is generally called "differential gains" by the people. Since the differential gains are caused by objective factors -- management facilities are invested by the state and the location is naturally formed -- this portion of income should belong to society or the state and not to enterprises or individuals. The state can withdraw the differential gains from enterprises by levying taxes on fixed assets, thus generally equalizing the profit-making conditions of different enterprises in the same industry. After eliminating the above-mentioned cause of different profits, wage and profit rates of enterprises will be comparable within the same industry and an average wage and profit rate will naturally be instituted. By then, the wage and profit rates of most enterprises will be close to the average rate, while that of a few enterprises will fluctuate around the average rate. Therefore, in determining the profit base of a fixed quota, we should multiply the total amount of enterprises' annual wages and the average wage and profit rate of their industry. This is more reasonable and practical.

#### Problems Concerning the Distribution of Interests

Our Country is a socialist country. Fundamentally speaking, the interests of the state, enterprises and workers coincide. But, in terms of a certain period and a certain range, the interests of the three are often contradictory. Our basic task is to actively develop production and improve the economic results as much as we can. At the same time, we should do a good job in properly distributing the interests of the state, enterprises and workers and link the interests of enterprises and workers directly to the management results of enterprises. By so doing, we will create both motivation and pressure. Proceeding from this principle, we should link the three -- the total amount of workers' wages, taxes and profits handed over to the state and the funds of enterprises -- with the total business volume of enterprises and adopt a floating contract system in the course of implementing the management responsibility system. The concrete measures are: first, we conscientiously examine and finalize, in accordance with real statistics, the total amount of workers' annual wages (including all staff and workers' base pay, bonuses, overtime pay and various allowances which are considered part of the wages), the amount of taxes and profits handed over to the state by enterprises and the total amount of sales in a certain year. Then, we adopt a floating contract system using these three figures -- which are linked together -- as quota bases and settle accounts at the end of each year in accordance with the principle of "when the river rises the boat goes up." As long as enterprises' total business volume increases, the taxes and profits handed over to the state by enterprises will also increase, the total amount of workers' wages may increase on the basis of a fixed ratio and the funds of enterprises will increase accordingly. Under general circumstances, the growth rate of the taxes and profits handed over to the state must be higher than the growth rate of enterprises' total business volume; and the growth rate of the total amount of workers' wages should be lower than the growth rate of enterprises' total business volume. The funds of enterprises are determined by the size of enterprises' sales volume and the level of enterprises' management results. As far as enterprises of the same size are concerned, better management results mean that enterprises' total profits are higher and that they can retain more

funds after deducting taxes and profits delivered to the state; poor management results mean that enterprises' total profits are lower. Therefore, the amount of enterprises' funds should be a floating figure. On this basis, we may guarantee big profits for the state, moderate profits for enterprises and small profits for workers. When implementing this system, the floating difference among the amount of taxes and profits delivered to the state, enterprises' funds and the total amount of workers' wages should be specifically examined and finalized after being conscientiously estimated in accordance with different enterprises and conditions and the different amount of potential. Generally speaking, at enterprises with great potential and favorable conditions for development, the difference between the growth rate of taxes and profits delivered to the state and the growth rate of workers' total wages should be greater than at enterprises with poor conditions and limited potential. This will properly regulate the difference between enterprises' profit levels caused by different external factors and prevent the phenomenon of uneven distribution of hardship and pleasure.

Enterprises implementing this system do not have to link workers' total wages to the number of workers; by this, we mean they can reduce the number of workers without increasing the total amount of workers' wages stated in the contracts and in line with the principle that labor rewards must be linked up with individuals' labor results, enterprises may carry out reforms of internal wage systems including instituting new wage systems within the limits set by relevant state labor wage systems, arranging the promotion of staff and workers, enacting necessary allowance systems and adopting systems of rewards and penalties, above-quota profit sharing and year-end dividend sharing that suit the characteristics of their own enterprises.

#### Problems Concerning the Protection of Consumer Interests

In carrying out the management responsibility system, commercial enterprises must guarantee that consumer interests are not encroached on. This is determined by the nature of socialist commerce. Every enterprise is only allowed to increase their profits by improving management, speeding up fund turnover, reducing costs and improving economic results. They should never try to take advantage of consumers. In order to increase their profits so they can retain more profits and divide them among workers, some enterprises which have adopted the management responsibility system use such tricks as giving short measure, replacing quality products with substandard ones, arbitrarily upgrading products, raising prices and demanding compulsory supplemental purchases to seek profits and infringe on the interests of the masses. To protect consumer interests, on the one hand, we should strengthen ideological and political work. On the other hand, we should establish and perfect rules and regulations, strengthen the supervision and management of enterprises implementing the management responsibility system, continuously improve the management responsibility system, link employees' income directly to marketing labor and encourage them to correct business orientation, do more business and guarantee quality service.

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## ECONOMIC MANAGEMENT

### AUTONOMY OF COLLECTIVE ECONOMIC UNITS DISCUSSED

Beijing JINGJI RIBAO in Chinese 12 Apr 83 p 3

[Article by Gao Baohu [7559 1405 3275]: "Powers of Decision and Democratic Management in Units of the Collective Economy"]

[Text] Article 17 of the new constitution provides regulations concerning the autonomy and democratic management in units of the collective economy. It has two sections. The first one reads: "Units of the collective economy have powers of decision in conducting independent economic activities, on the condition that they accept the guidance of the state plans and abide by the relevant laws." The second one reads: "Units of the collective economy practice democratic management according to provisions of the law; their managerial personnel shall be elected and removed and decisions on the major issues concerning enterprise management shall be taken by the entire body of their workers and staff members." Everybody must have noticed that there are both similarities and differences between such regulations concerning collective economic units and state-run enterprises. This is determined by the nature of collective economic units.

Like state-run enterprises, collective economic units belong to the economy of socialist public ownership. However, their public ownerships are different in degree and form. The former's means of production is owned by the whole people and the latter's is owned by collectives. Therefore, their relations to the state and autonomy they enjoyed is also different. Units of the collective economy have powers of decision not only in management but also in conducting independent economic activities. Of course, they must also accept the guidance of the state plans in conducting their economic activities because our country is a socialist country practicing planned economy. They should subject themselves to the state plans especially in regard to the production of major products concerning the national economy and the people's livelihood such as grain and cotton. They must strive to fulfill the tasks for state monopoly and compulsory purchases. They should never ignore the interests of the state. There is no doubt about this. All citizens and organizations of the People's Republic of China must abide by state law. Units of the collective economy are certainly no exception. However, in abiding by the state plans, the collective economy and the state-run economy are different. Generally speaking, since the state-run economy is owned by the whole people, the state issues command plans for its major products and directly assigns production tasks and various targets which enterprises must fulfill in an all-round way. As for the collective



economy, the state mainly formulates guidance plans. Instead of using administrative measures to directly stipulate what should be produced and run and how to produce and run, the state guarantees the implementation of the guidance plans through economic measures concerning prices, taxes and commodity exchanges and through ideological and political work and ideological education on giving due consideration to the interests of the state, collectives and individuals. Units of the collective economy have powers of decision in conducting independent economic activities. By this, we mean that, on the condition that they accept the guidance of the state plans and abide by state law, collective economic units have the right to make different decisions on their business services, product varieties and product quantity in light of the situations of different localities and industries. They have the right to control their funds, labor and products. They have the right to decide on their management methods, labor organizational form and measures of distribution according to work. They also have the right to reject confused orders issued by any leading organs and leaders.

Such powers of decision enjoyed by the units of collective economy are very important. Since collective economic units are organized by urban and rural laborers in accordance with the principle of voluntary participation and mutual benefit, their means of production is owned by the entire body of their workers and staff members. If they do not have powers of decision in conducting economic activities and if all decisions are made by their higher-ups running counter to the nature of the collective economy, not only the principle of voluntary participation and mutual benefit will be violated and the enthusiasm of their laborers will be dampened, but also management and production will be thrown into disarray as a result of erroneous orders. The main cause of our past "leftist" mistakes on this issue is the ignorance of this salient feature of the collective economy. Since the 3d Plenary Session of the 11th Party Central Committee, because the party and government have repeatedly emphasized the need to respect the autonomy of the collective economy, we have brought about a new prosperous and thriving situation of multifarious collective economy in urban and rural areas. From now on, when establishing, developing and perfecting various cooperative organizations, we still need to persist in respecting their autonomy.

Since the autonomy enjoyed by collective economic units is different from that of state-run enterprises, the contents and forms of democratic management practiced by collective economic units are also different from that of the state-run enterprises. First, their managerial personnel are elected and removed by the entire body of all workers and staff members. They are not assigned or removed by their superiors. Second, decisions on major issues concerning their management are made by the entire body of all workers and staff members. This shows that, in line with the greater autonomy enjoyed by collective economic units, the laborers also have greater rights. Of course, such democratic management should be practiced in accordance with the stipulations provided by law and democratic procedures. There is no doubt about this.

Guaranteeing the laborers' rights to democratic management has an important bearing on guaranteeing the autonomy of collective economic units. On the one hand, the autonomy of collective economic units in conducting economic activities is not exercised by a few managerial personnel, but by the entire

body of all workers and staff members. Only by practicing democratic management can the masses really voluntarily participate in all activities of the collective economy and develop them along the correct orientation. On the other hand, only by genuinely enlarging and respecting the autonomy of collective economic units and overcoming the malpractice of higher-ups issuing confused orders can the broad masses of workers make decisions on their economic activities in accordance with their different situations and needs and create various forms and methods of economic management.

The history of the development and changes of our country's rural collective economy since the 3d Plenary Session of the 11th Party Central Committee has vividly proved one point: Recognizing and respecting the autonomy of the collective economy has substantially aroused and given full play to the initiative and enthusiasm of cadres and the masses. This makes it possible for the broad masses of peasants to create multifarious production responsibility systems with the system of awarding contracts according to output as a main form and bring about enormous development in agricultural production and agricultural economy; and expanding and establishing responsibility systems have in turn created various favorable conditions for the democratic management of the collective economy and are and will be further strengthening the broad masses of workers' sense and power of being masters.

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## FINANCE AND BANKING

### CONTRACT SYSTEM IN TAXES NOT SUITABLE, MINISTRY SAYS

Beijing JINGJI R'BAO in Chinese 10 Feb 83 p 1

[Article by Staff Reporter: "Contract System in Taxes Not Suitable--Reasons Given to Our Staff Reporter by the Head of the Ministry of Finance General Tax Bureau, Liu Zhicheng"]

[Text] In the process of industry and commerce carrying out the economic contract responsibility system, there are some enterprises that also adopt a "contract" method of paying taxes to the state. The Head of the Ministry of Finance General Tax Bureau Liu Zhicheng [0491 1807 1004], in light of this problem, made a statement to one of our staff reporters, saying that tax revenue is not different from the profit of enterprises that is paid to the state, we cannot deviate from tax law regulations by applying the "contract" system to tax revenue.

Liu Zhicheng analyzed the reasons that we cannot use the contract tax system as follows:

First, the tax laws are uniformly stipulated by the state and are full of policy implications. To collect taxes or not to collect taxes, and to collect more taxes or to collect less taxes have a direct bearing on the interests of the state, enterprises, and staff and workers. If we adopt the contract method of paying taxes, if the amount contracted for was small, the state would receive less; and if the amount was large, the enterprise would be unable to endure, giving management of production many problems. As a result of applying the contract tax system, it would be difficult to uphold tax revenue law and discipline, and the principle of levying tax according to the calculated rate would be fundamentally negated. Obviously, this is inappropriate.

Secondly, a different tax rate is applied to different products. This can play the role of an economic lever of tax revenue adjusting production, consumption and profit. If we use the contract tax system, without different tax rates based on different products, the total tax fund paid to the state would not reflect the state policy on reward and limitation, and the role of economic lever of the tax revenues will not be developed. This will also help increase a small number of enterprises to blindly seek after products with great profit, battering the state planned market. Furthermore, tax revenues are an element of the price structure. Under the condition of fixed prices, if the tax rate

is somewhat high, the profit of the product will be somewhat low. Conversely, if the tax rate is somewhat low, the profit of the product will be somewhat more. If we use the contract method, the amount of tax and the price of different products will not be linked, and it will be easy to have the condition of blindly decreasing the price or blindly raising the price. The state price policy can be destroyed as a result.

Thirdly, the taxes levied on different sectors of the economy, different trades and different products must implement the policy of rational tax burden. Especially the income tax of industry and commerce that is currently in force. Its tax principle is that those with high income will be taxed more, those with low income will be taxed less, and those with no income will not be taxed. If we put the contract tax method into effect, there is a possibility that those with high income will not be taxed more, and those with low income or those with no income will be highly taxed. This cannot reflect the policy of rational burden of tax revenue.

Fourth, presently industrial and commercial taxes on different products are taxed according to different rates, and the tax rate of products is formulated according to the average profit level in the entire economy. The same product in different areas and different trades all are taxed according to a uniform rate. Accordingly, under the conditions of uniform price, if the enterprise is managed well, the profit after taxes will be high; and if management is poor, profit will be low, and could even incur losses. This is conducive to emulating and catching up with the advanced; making efforts to reform management; continually decreasing the cost of products; and raising economic results. If we use the contract system, it will be hard to realistically reflect the changes in enterprise product cost. This, in turn, can conceal the backward conditions of enterprise management and is not beneficial to implementing the various policies to readjust and reorganize enterprises.

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## FINANCE AND BANKING

### TIANJIN ACCELERATES SUBSTITUTION OF TAXES FOR PROFITS

Beijing RENMIN RIBAO in Chinese 13 Apr 83 p 1

[Article by Xiao Di [5135 5441]: "Tianjin Municipality Sets Forth Six Measures To Accelerate the Substitution of Taxes for Profit Delivery in Enterprise"]

[Text] In order for Tianjin Municipality to promote the substitution of taxes for profit delivery in state-run enterprises, Tianjin Mayor Li Ruihuan [2621 3843 3883] promulgated six measures at the Tianjin Municipal People's Congress on 5 April.

1. All profitable large and medium-sized state-run enterprises must implement the substitution of taxes for profit delivery. Enterprises should pay 55 percent of income taxes on the profits they actually made after deducting outstanding loans, funds retained for special uses and various subsidies in accordance with the state policies. Profits after taxes should be divided between the state and enterprises in line with the principles of more gains for more profits and encouraging the advanced.

2. All small profitable state-run enterprises must pay income taxes on the profits they actually made in accordance with eight-level surplus progressive tax rates and pay charges for occupation of fixed assets according to the rules and regulations. After paying taxes and charges, the enterprises should be held responsible for their own profits and losses under the contract system, and the state will not allocate funds to them.

3. Enterprises allowed to have deficits in accordance with state policies should implement a deficit responsibility system and systems allowing them to retain a certain portion or percentage of profits they made to be used for reducing deficits. They may also implement the responsibility system of progressive deficit reduction. The portion retained by them to reduce deficits should remain unchanged for 3 years. Departments in charge should instruct enterprises having deficits that are a result of poor management to carry out consolidation within a set period. Beyond this time limit, deficit subsidies will be withdrawn.

4. Enterprises which have already adopted the contract system of progressive profit increase -- a form initiated by the Capital Iron and Steel Company -- should continue to implement the original contracts, and their cases will not be discussed until their contracts expire.

5. Companies which have already adopted or are about to adopt enterprise management should pay income taxes directly to the state. Profits after taxes should be divided between companies and the state in accordance with fixed rates and forms. Profits belonging to companies should then be distributed to subordinate enterprises according to various contract systems.

6. State-run enterprises -- "the big collective" -- should assume sole responsibility instead of holding the state responsible for their own profits and losses. They should implement a management responsibility system and pay taxes to the state.

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## INDUSTRY

### ARTICLE ON QUALITY CONTROL OF AIRCRAFT DESIGN MATERIALS

Beijing ZHONGGUO ZHILIANG GUANLI [QUALITY CONTROL IN CHINA] in Chinese No 4, 1983 pp 23-25

[Article by Huang Desen [7806 1795 2773] of the 601 Institute of the Ministry of Aviation Industry: "Quality Control of Aircraft Design Materials"]

[Text] Product quality control is determined by the quality of the design and the design of manufacturing. Product quality begins with the design. This means that in the development of new products the degree of perfection and inferiority in quality will be concretely manifested in all of the design materials. Because design materials (the general term for all types of design blueprints and technical design documents—same in the following) are the most fundamental technical references for organizing trial manufacturing and production of new products and they are the final accomplishment of scientific research design institutes, therefore, guaranteeing good quality in design materials is the foremost task and concrete goal of the leaders of design departments and all design personnel at each level, and it is the central link in developing design quality control by a quality control system.

Modern aircraft are very complex systems. The entirety of the design materials constitute a huge and complex engineering system. How to effectively exercise quality control of design materials for such modern technical engineering projects undoubtedly is a complex topic that is representative of design quality control techniques. This article emphasizes discussion of the question of how to implement quality control to guarantee the quality of design materials after a plan for a new aircraft has been proven and when the plan enters the stage of engineering design (drawing of working blueprints).

#### Quality Standards

Based on the concept that product quality is its suitability for use, the quality standards of design materials should follow the principle of satisfying the actual needs of the production plant and the user units. It generally includes five major aspects: completeness, accuracy, coordination, uniformity and clarity.

#### 1. Completeness

This refers to the degree of completeness of the design materials needed to satisfy trial manufacturing of a prototype. It includes two aspects:

First, the categories and items of design materials of the entire product must constitute a complete set (see Figure 1).

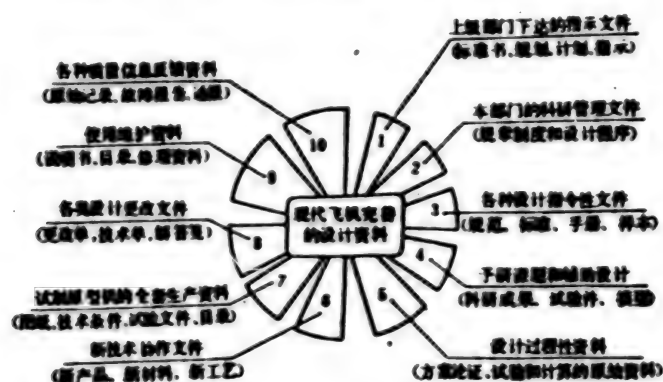


Figure 1. System of Complete Design Materials of Modern Aircraft

Key:

[center] Complete design materials of modern aircraft

1. Directives and documents issued by higher authorities  
(Standards, planning, plans, directives)
2. Scientific research management documents of one's own department  
(System of rules and design procedures)
3. Orders for various types of designs  
(Norms, standards, manuals, samples)
4. Topics for research beforehand and auxiliary design  
(Scientific research achievements, test pieces, models)
5. Design process type materials  
(Proof of plans, primary data on tests and calculations)
6. Documents on cooperation in new technology  
(New products, new materials, new technological processes)
7. Whole set of production data on trial manufacturing of prototype aircraft  
(Blueprints, technical conditions, test documents, index)
8. Documents on various types of design changes  
(Orders for change, technical orders, answers)
9. Use and maintenance data  
(Explanation manual, index, repair information)
10. Various types of feedback and information on quality  
(Primary records, breakdown reports, bulletins)

Second, the content of every piece of design material must be complete. It must have various types of technical elements for technological processes and manufacturing, and it must also include methods of inspection and testing technological quality, especially the quality of special technologies.

The "completeness" requirements in these two areas are continually perfected as the technical performance of the product improves and as technological methods improve.

## 2. Correctness

This refers to the question of whether the technical content manifested by the design materials coincides with the stipulated goals of the design. This is the central question of design quality. It is also a comprehensive reflection of design technology and management level. "Correct" and "mistaken" contents can be manifested in any aspect, for example: the diagrams, lines, data, method of calculation, technical requirements, various types of symbols, type face, chart numbers, etc. Some problems have subjective causes, such as poor basic work, poor sense of responsibility, neglect and carelessness, political ideology. Some are objective causes, such as immature theoretical research, insufficient experimentation, testing and proof, and not reaching the technical level. Regardless of the cause, when a mistake is made, it will always affect quality in a definite way.

## 3. Coordination

As the complexity of the modern aircraft continues to increase, the importance and complexity of guaranteeing technical coordination become more outstanding. Whenever there is a technical relationship, there will be questions concerning coordination, for example, the technical coordination between the main engine and the auxiliary engine, structural coordination of the fuselage itself, coordination between structure and system, technical coordination between the aircraft and ground surface equipment, etc. The level of coordination in the design of a new aircraft is determined to a large extent by the management level of the design organization and the attitude of the design personnel in their work. To appropriately solve the problem of coordination, "strictness" (being strict and detailed) must be emphasized both technically and in management, and various original coordination records must be kept as references for later changes and checks.

## 4. Unification

This means whether the mutual requirements and the methods of expression in the design materials are consistent and whether the written information coincides with the actual situation. In the form of manifestation, we should determine whether the form of the layout frequently used in design materials, the method of numbering, the terms and phrases, the symbols for units and measurements, the chapters, articles and items, paperwork procedures, and the methods of making changes all meet related standards and are of the same style.

In data requirement: we must make sure that the data of the master blueprints and the blueprints, the data used by the information office and the data used at the site of production, and the data used by cooperating units are consistent, including the editions, the content of the changes and the scope of applicability, whether the various types of markings and seals are uniform and whether the printed material and the actual situation are consistent.



## 5. Clarity

The purpose of clarity is to strengthen effectiveness in use. We must avoid causing quality problems because of misunderstanding. The main requirement is that the diagrams must be clean and clear, drawings must be accurate, copies must be clear and easily recognized, type faces of words must be standard. Aircraft drawings are densely filled with lines and dimensions. There are many symbols and markings. Technical changes are also frequent, and a slight neglect will easily cause errors. To facilitate categorized filing and easy recognition, different colored papers can also be used for differentiation.

The quality standards of the above five aspects are not absolutely separate, they mutually influence each other and they share a cause and effect relationship. Manifested in concrete problems, they frequently share a comprehensive nature. At present, we must emphasize the unification and the consolidation of design techniques and forms of expression, motivation of work and actual results before we can continue to improve quality management in design materials.

### Management Measures

The process of creating quality in design materials is the process of creating the design materials themselves. Therefore, to guarantee the quality of the design materials of a product, the most fundamental task is to review and examine whether the product design is rational, reliable and complete, and whether changes and corrections of the various kinds of design quality problems and shortcomings exposed at each stage can be incorporated into the original design materials in time, accurately and in a coordinated way. All quality control measures must be drawn up, organized and implemented according to the above goal and by combining the goal with the actual situation of the unit itself. Accordingly, we have proposed the following for comrades to consider.

1. According to the principle of controlling quality during the entire process, we should draw up a flow chart for the formation of design materials as a concrete measure to implement the procedures for development and manufacturing products. According to our way of doing things, after a plan for a new aircraft has been approved and the design has been drafted (sample proof), the working chart design flow chart should generally include the procedures listed in Figure 2.

2. We should establish a unified and centralized technical command front, clarify the responsibility of all types of personnel for quality and establish a unified system to manage design materials.

- (1) Because modern aircraft are large scale, complex and comprehensive engineering projects, the scope of cooperation is broad. We must follow the systems engineering, management method, establish a unified technical command system in organization, solve the problems in design coordination and economic accounting, and establish a unified technical documents management system to serve as a management reference for controlling the quality of all documents of cooperation.

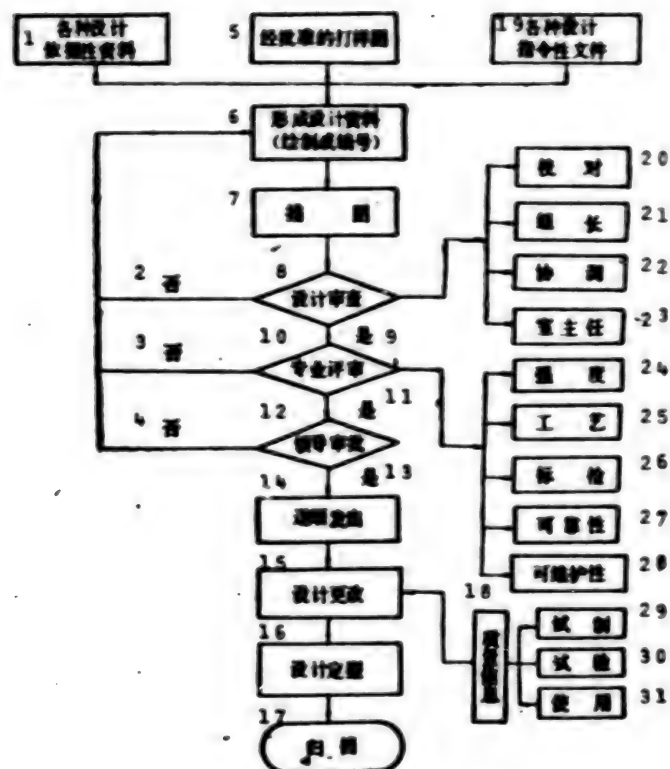


Figure 2. Flow Chart of the Process of Formation of Design Materials

Key:

- |  |   |
|--|---|
| (1) Information serving as reference for various designs | (17) Filing                                   |
| (2) No   | (18) Quality information                      |
| (3) No   | (19) Order type documents for various designs |
| (4) No   | (20) Proof and editing                        |
| (5) Approved draft blueprint                             | (21) Group leader                             |
| (6) Forming design materials (drawn or numbered)         | (22) Coordination                             |
| (7) Copying drawings                                     | (23) Office chief                             |
| (8) Design review and examination                        | (24) Intensity                                |
| (9) Yes  | (25) Technological process                    |
| (10) Evaluation and review by specialists                | (26) Checking against standards               |
| (11) Yes   | (27) Reliability                              |
| (12) Review and approval by leadership                   | (28) Maintainability                          |
| (13) Yes   | (29) Trial manufacturing                      |
| (14) Reproducing drawings and distributing drawings      | (30) Testing                                  |
| (15) Design changes                                      | (31) Use                                      |
| (16) Finalization of design                              |   |

(2) Aircraft design units are the main agencies that develop and manufacture new aircraft. Their internal and external relationship and their vertical and lateral relationship are complex. They can be managed by the matrix method. We must also clarify the quality responsibility system of the technical organizations at each level, types of personnel and standards for the examination of work quality.

3. We should establish a complete set of design guidance documents and working manuals.

In the process of aircraft design, we must utilize technical information of many aspects, for example, various design standards, design information on the same type of aircraft, scientific research achievements in new technology, and various types of standard information etc. To save work in repeated design, to avoid inconsistency in designs, to guarantee design quality and improve design efficiency, we must organize experienced and specialized design personnel of all sectors to compile a complete set of design guidance materials and working manuals that can satisfy design needs and that are practical and feasible on the basis of the present conditions of scientific research and by summarizing design experience already acquired for design personnel to use. This is a very important quality control measure to guarantee design quality, it is also a concrete manifestation of the development of modern science and technology according to specialization and division of labor in design work.

4. We must stipulate the procedures for review and approval of various types of design materials and establish a design quality evaluation and review system, and conduct statistical analysis of design quality.

(1) We should determine the categories and the method of numbering the various types of design materials according to the requirements of the principles of standardization and file management.

(2) We should determine the principles of review, approval and signing procedures according to the degree of importance of the design materials, and clarify the quality responsibility system.

(3) We should determine the procedure for evaluation and review of the quality of design materials according to the goals for the quality of product design and detailed regulations on implementation.

(4) We should determine the standards of quality grades according to the quality problems and the nature of errors in design materials uncovered in the course of evaluation and review and make primary records;

(5) We should establish quality information feedback channels according to the problems in design quality exposed at each stage and we must categorize and compile statistics, and establish files on the quality of design materials as reference for checking and making changes;

(6) We must organize comprehensive or special topic quality analysis meetings according to the principles of not overlooking three elements (cause, responsibility, measures) based on quality dynamics, use the point to lead the area,



draw inferences about other cases from one instance, learn experience and lessons from them, implement a quality responsibility system, improve design techniques, and establish preventive measures.

5. We must make design changes well.

After the design materials enter the trial manufacturing and production line, design faults and mistakes will gradually be exposed, and with the addition of technical conditions and improvement in design, design changes will become very important daily tasks. Because there is a lot of design materials and their relationship is complex, the quality of design changes will be directly reflected in product quality. The goal in establishing standards for quality in making changes is mainly to guarantee accuracy, coordination, traceability of design changes, and to dispatch and manage the filing of the materials that have been changed. Because these are all actual tasks in engineering design, they must be strictly organized and scientifically managed before the quality of work of every job can be guaranteed. Otherwise, if there is a slight mistake, the quality in research and development of products will be directly affected.

6. We must do well the work of finalizing the model and filing design materials.

We must reorganize and revise whenever necessary all design materials according to the various quality problems discovered in the course of trial manufacturing of a new aircraft, in the course of testing and test flights and according to the opinions for improvement proposed by the finalization committee, and we must place the stipulated finalization seal on the design material as a complete set. We should file them according to filing procedures, and we should carry out all preparatory work for delivery to the factory for batch production according to the spirit of the directives issued by the higher authorities.

### Conclusion

1. Because the quality of design materials is the foundation of quality in the research and development of products, the emphasis of quality control work of scientific research design institutes must be placed on the quality of design materials.

2. The method of controlling the quality of design materials is closely related to the type of the product, its use and its degree of complexity. At present, we must start out from the actual situation of one's own unit and strengthen the buildup of basic work, for example, establishing a quality responsibility system in organization. We should compile various types of technical design guidance documents and establish preventive measures.

3. In guaranteeing and improving the quality of design materials, we must improve design techniques and also strengthen scientific research management. In particular, we must actively popularize overall quality control and exercise overall quality control throughout the process of forming design materials.

4. To guarantee that scientific research is in the lead and to create a new situation for the replacement and renewal of products, strengthening the organization and leadership in quality control in scientific research and design departments is an urgent task at present.

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## CONSTRUCTION

### DESIGN OF MULTISTORY WAREHOUSES

Beijing JIANZHU XUEBAO [ARCHITECTURAL JOURNAL] in Chinese, No 11, 1982, pp 65-69

[Article by Huang Ruihong [7806 3843 7703]: "Design of Multistory General Warehouses"]

[Text] Multistory general warehouses are ordinary warehouses for storing various types of cartons, boxes, barrels, bags of merchandise that do not have special requirements. These types of warehouses are used by many commercial warehousing and transportation sectors. Particularly in large and medium cities and harbor areas, where there is a shortage of land, many of them build multistory warehouses. This article presents some general discussion on the planar arrangement of multistory general warehouses, on calculating storage capacity, the number of stories, the height of the floors and firefighting and safety problems.

#### I. The Planar Arrangement of the Building

Rationally selecting the planar plan for buildings directly affects stacking, storage, transportation and management and such functions and at the same time it is closely related to hastening the speed of construction, lowering construction cost and conserving construction materials.

##### (I) Design Requirements

The general design requirements are the following: (1) The loading and unloading operations should be few, the transport distance should be short, the entry and exit of merchandise should be convenient and they should satisfy maximum flow; (2) as far as possible when stacking merchandise, the storage efficiency of the area and the spatial volume of the warehouse must be fully developed to raise the coefficient of utilization of the area of the structure; (3) we should consider future technical development and the possibility of using loading, unloading and transport machinery. For this, we require the following in the concrete designs: (1) The depth of the warehouse generally should not be smaller than 18 meters in order to improve the storage efficiency of the warehouses and at the same time, in consideration of ventilation, brightness, lighting and transport conditions, the warehouse should not be larger than 40 meters in depth; (2) to shorten the horizontal distance of

transport inside the warehouse, the elevator should be placed at an appropriate position in the warehouse, and the average distance of transport within the warehouse to the elevator generally should not be more than 30 meters; (3) living facilities such as workers' recreational rooms should not be placed between elevators and in the hallways (or corridors), foremen's offices and restrooms can be placed there but their area must be appropriate. Generally, the areas of such auxiliary structures such as elevators, hallways, merchandise arrangement spaces and foremen's offices should not be more than 20 percent of the area of the warehouse; (4) when building multistory warehouses in the southern areas where there is more rain, the loading and unloading grounds on the ground floor should have loading and unloading operations sheltered from the rain to facilitate receiving and shipping merchandise into and out of the warehouses; (5) multistory warehouses storing flammable products should not be more than 15,000 square meters in area, and the area of the ground floor (including auxiliary areas) should not surpass 3,000 square meters; (6) separate rooms in the warehouses storing flammable objects should not be more than 1,000 square meters in area. The rooms storing nonflammable objects should not be larger than 2,000 square meters. Otherwise, fire-resistant separation walls should be built.

## (II) The Method of Arrangement

The planar design of multistory general warehouses mainly takes into consideration the method of arrangement of the storage rooms and the relationship between the storage rooms and the elevator, the stairs and the hallways. The arrangement of the storage rooms generally is divided into two types, the "separate type" and the "single unit type." The "separate type" means that the storage rooms are built as two separate bodies connected in the middle by a hallway. The "single unit type" means that the storage rooms are built and arranged as a single unit. In general, there are two ways to arrange the elevators, a "centralized" and a "scattered" arrangement. "Centralized" arrangement means the elevators are situated to one side of the single unit storage rooms or at the center of two single unit storage rooms. "Scattered" arrangement means the elevators are placed separately at two ends of the storage rooms. Some elevators are placed outside the storage rooms and some are located inside.

The commonly seen planar arrangements are separately described below:

(1) The storage rooms are "separate," the elevator is centrally located outside the storage rooms.

The "separate" arrangement has been used more in recent years. Its advantage is that it can fully utilize the space between two storage rooms for loading, unloading and handling, and for temporary storage and arrangement of merchandise. It is especially suitable for use in medium turnover warehouses with a relatively large flow of merchandise.

For example, the Fuxingdao Warehouse of the Shanghai Commercial Storage and Transportation Company has an area of 6,000 square meters of storage space. The warehouse has three floors and two structures. Each floor of each

structure has 1,000 square meters with two 2-ton elevators. The two structures are connected by a hallway in between. Their arrangement is I-shaped (Figure 1). Comments by user units indicate that the area of each storage room is appropriate and management is more convenient.

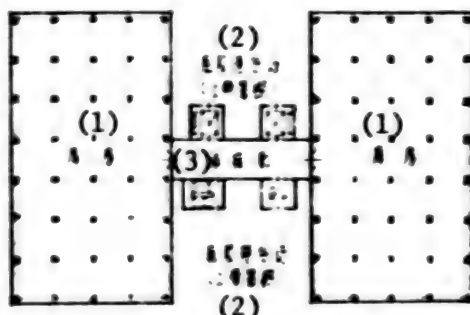


Figure 1. "Separate" Type Warehouse, Elevators Are Centrally Located Outside the Warehouse (1)

Key:

- (1) Warehouse
- (2) Ground floor merchandise arrangement area (with shed)
- (3) Connecting hallway

Also for example, the Guoshunlu Warehouse of the Shanghai Commercial Storage and Transportation Company occupies an area of 15,000 square meters. The warehouse has five floors and it is similarly arranged as "separate units." Each floor of each structure has 1,500 square meters with four 3-ton elevators. The two warehouse units can be used simultaneously. There are two corridors connecting the two units in a square (Figure 2). This is a more economical use of land. Because of the square arrangement, vehicles that enter and exit must pass through the corridor. The merchandise handling yard (serving also as a driveway for vehicles to turn around) has a smaller area and it is more difficult for vehicles to back up. According to understanding, this arrangement is not as convenient as the I-shaped arrangement of the Fuxingdao Warehouse.

(2) The warehouse is a "separate" type," the elevators are scattered outside the storage rooms.

This type of arrangement is aimed at shortening the horizontal distance of transport inside the warehouse to avoid an overconcentration of vertical transport, but in actual production and use, frequently it cannot produce the desired result. Also, the elevators are scattered and they cannot fully develop their efficiency. The areas between the elevators of the building and the corridors are larger.



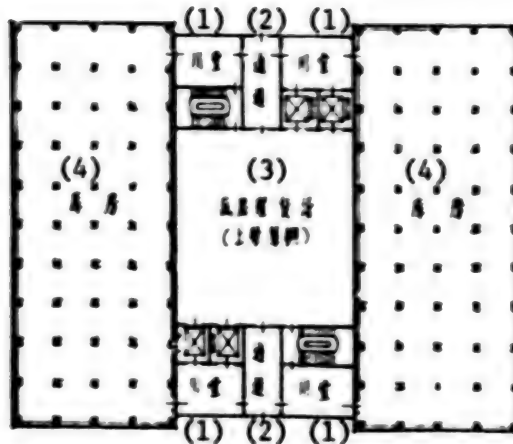


Figure 2. "Separate" Type Warehouse, Elevator Is Centrally Located Outside the Warehouse (2)

Key:

- (1) Hall
- (2) Passageway
- (3) Ground floor merchandise arrangement area (with shed)
- (4) Warehouse

For example, the North Station Warehouse of the Guangzhou Commercial Storage and Transportation Company has an area of 16,200 square meters and five floors, and it is arranged as two separate structures. Each floor of each structure has an area of 1,620 square meters with four 3-ton elevators in a single line (Figure 6). Comments after the warehouse began operation was that the area for loading and unloading on the ground floor was small and production management was not convenient.

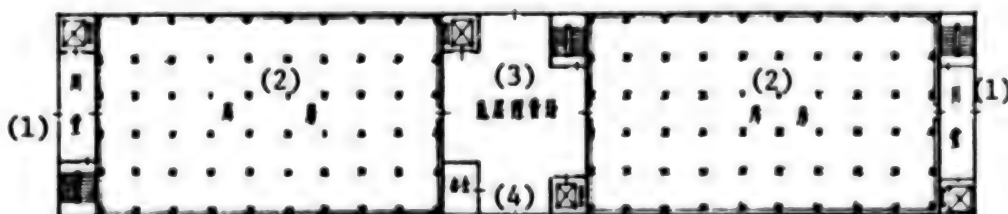


Figure 6. "Separate" Type Warehouse, the Elevators Are Scattered Outside the Warehouse

Key:

- (1) Hallway
- (2) Warehouse
- (3) Ground floor area for arranging merchandise
- (4) Office

(3) The warehouse is a "single unit type," the elevators are centrally located outside the storage rooms.

The Guangzhou Hardware and Alternating Current Relay Station Warehouse uses this arrangement (Figure 7). The warehouse area is 3,780 square meters. It has four floors. Each floor has an area of 945 square meters with two 2-ton elevators. The elevators are centrally located outside the warehouse. The user units were satisfied when the warehouse began operation. This arrangement is more economical and practical as a commercial warehouse of smaller scale.

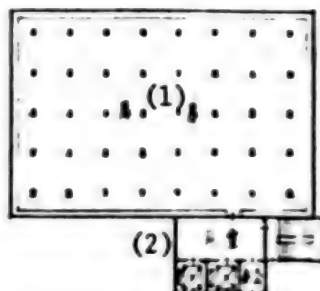


Figure 7. "Single Unit" Type Warehouse, Elevators Are Centrally Located Outside the Warehouse

Key:

(1) Warehouse

(2) Hallway

(4) The warehouse is the "single unit type," the elevators are scattered outside the warehouse.

The Daganwei Warehouse of the Guangzhou Commercial Storage and Transportation Company uses this arrangement (Figure 8). The area of the warehouse is 8,600 square meters. It has five floors. The area of each floor is 1,720 square meters. There are two 3-ton elevators. The elevators are located at both ends of the warehouse. Merchandise loading, unloading and handling areas are placed between the elevators and outside the hallways on the ground floor and they are sheltered from rain. It is more convenient for merchandise to exit the warehouse.

(5) The warehouse is the "single unit type," the elevators are scattered inside the warehouse

The Saibakou Warehouse of the Guangdong Commercial Storage and Transportation Company uses this arrangement (Figure 9). The area of the warehouse is 10,600 square meters. There are four floors. The area of each floor is 2,650 square meters. There are four 2-ton elevators at each of the four corners inside the warehouse. The stairwell is also inside the warehouse. Motor vehicle platforms and a train platform are built in front and back of the warehouse.

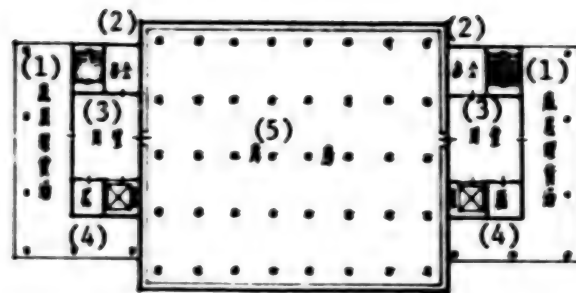


Figure 8. "Single Unit" Type Warehouse, Elevators Are Scattered Outside the Warehouse

**Key:**

- (1) Ground floor merchandise arrangement area
- (2) Office
- (3) Hallway
- (4) Restroom
- (5) Warehouse

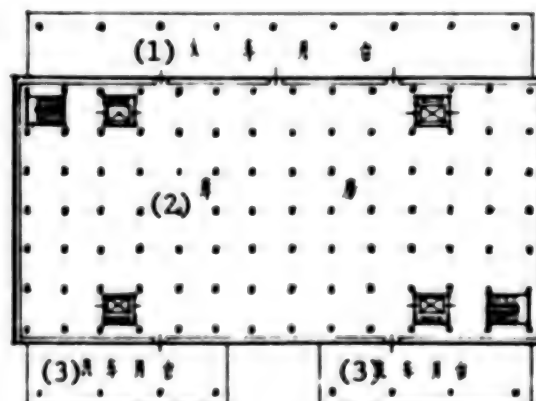


Figure 9. "Single Unit" Type Warehouse, Elevators Are Scattered Inside the Warehouse

**Key:**

- (1) Train platform
- (2) Warehouse
- (3) Motor vehicle platform

Merchandise can utilize the front and rear platform as temporary storage areas for receiving and shipping. Some space in the warehouse around the exit of the elevators inside the warehouse must be left for handling merchandise.

Table 1 compares the planar arrangement of various types of buildings.

Table 1. Comparison of the Planar Arrangements of Multistory General Warehouses

Name of warehouse	Shanghai Fuxing Warehouse	Shanghai Guonahunlu Warehouse	Guangzhou North Warehouse	Guangzhou Wujiaozhan Warehouse	Guangzhou Danganwei Warehouse	Guangzhou Saibekou Warehouse
Arrangement	"Separate" type. the elevators are concentrated outside the warehouse, the warehouse, the square shaped arrangement	"Separate" type. elevators are concentrated outside the warehouse, the square shaped arrangement	"Separate" type. elevators are scattered outside the warehouse, the horizontal bar-shaped arrangement	"Single unit" type. the elevators are centrally located outside the warehouse	"Single unit" type. elevators are scattered outside the warehouse	"Single unit" type. elevators are scattered inside the warehouse
Total area of warehouse	6,000	15,000	16,200	3,780	8,600	10,600
Area of each room in warehouse	1,000	1,500	1,620	945	1,720	2,650
Area of hallway, stairwell, elevator and accessory areas	510	3,850	4,200	450	1,960	580
Ratio between accessory area and area of warehouse	8.5	25.6	25.9	11.9	22.79	5.4
Area for arrangement of merchandise on ground floor	600	576	840		650	
Ratio between area for arrangement of merchandise on ground floor and area of warehouse	10.0	3.84	5.18		7.67	
Condition of use	Area for arranging merchandise is large, convenient for merchandise to enter and exit warehouse, user is satisfied	Area for arranging merchandise is small, not convenient for merchandise to enter and exit warehouse	Area for arranging merchandise is small, the elevators are too scattered, not convenient to use	The arrangement is more compact, user is satisfied	Platform areas are used to stack and arrange merchandise	Area of the warehouse is too large, management is not too convenient

## II. Calculating the Storage Capacity

The storage capacity of multistory general warehouses can be calculated by the following simple formula:

$$P = \alpha \cdot F \cdot H \cdot \gamma$$

where: P--the storage capacity of the warehouse in tons;  
α--the rate of utilization of the area of the warehouse, i.e., the ratio between the area for stacking merchandise and the actual area of the warehouse, in percentage;  
F--the actual area of the warehouse, i.e., the area within the walls minus the area taken up by pillars and other areas that cannot be used for stacking merchandise, in square meters;  
H--height of stacks of merchandise in meters;  
γ--weight of merchandise stacked up in ton/cubic meter.

The rate of utilization of the area of the warehouse is related to the area of the warehouse, the method of stacking merchandise and the method of transport. Generally, it can be taken as 70 to 75 percent.

In general, Table 2 can be used as a general reference for the distance between the stacks of merchandise and the surface of the building and the width of the aisles.

Table 2. The Distance Between the Stacks of Merchandise and the Surface of the Building and the Width of the Aisles

Position of the stacks of merchandise	Distance (meters)
Distance between stack of merchandise and inner surface of exterior wall	0.5
Distance between stack of merchandise and surface of interior wall	0.3
Distance between stack of merchandise and surface of pillar	0.1
Width of main aisle between stacks (for operation of 1-ton forklift)	2.5-2.8
Width of main aisle between stacks (for operation of 0.4-ton forklift)	2.2-2.3
Width of main aisle between stacks (for operation of hand truck)	2.0
Width of secondary aisle between stacks	0.9-1.0



### III. Questions About the Number of Floors, the Height of Each Floor and Fire Fighting and Safety

(1) The number of floors of multistory general warehouses should be determined by comprehensively considering the scale of the warehouse, the topographic condition of the site of the warehouse, the purpose of the warehouse, and the planar arrangement, and we should pay attention to the conservation of land use, traffic and transportation. In consideration of the use of general warehouses in our nation, they should generally have three to four stories. If there is a shortage of land and if the storage capacity is large, five to six stories can also be considered.

(2) The height of the buildings of multistory general warehouses should be determined by the volume of the commercial products stored, the method of packaging, the method of stacking and the height of stacking. In the past, we generally used a height of 4.2 to 4.5 meters, and some used 4.8 to 6 meters. At present, the maximum lifting height of a 1-ton forklift is 3 meters. Therefore we cannot stack the merchandise too high. Manual stacking of merchandise is also unsafe if it is too high. For a comprehensive technical and economic consideration, we can generally refer to Table 3.

Table 3. Height of Story of Multistory General Warehouses  
(From surface of floor of story to surface of floor)

Floor	Structure	Height of story (meter)
Bottom floor	Beamless floor plate	5.0 - 5.5
	Ribbed floor plate	5.5 - 6.0
Other floors	Beamless floor plate	4.2 - 4.5
	Ribbed floor plate	4.5 - 4.8

(3) The designed load on the ground floor of a multistory general warehouse should be based on the weight of the commodities stored, the height of stacking, the method of stacking and the method of transport inside the warehouse. Because general warehouses store many varieties of merchandise, some are light and some are heavy, the heavier merchandise can be stored on the lower floors and lighter merchandise can be placed on the upper floors. In actual design, we can generally refer to Table 4.

Table 4. Even Distribution of Live Load on Floor of Multistory General Warehouses

Floor	Even distribution of live load (kilogram/square meter)	Mode of indoor transport
Ground floor	2,500-3,000	for 1-ton forklift
Second floor	2,000	for 1-ton forklift
Third floor and above	1,500	for 1-ton forklift

(4) The placement of elevators in multistory general warehouses should be determined by calculating the flow of merchandise of the warehouse. Generally, one 2-ton elevator can be provided for every 2,500 to 3,000 square meters of warehouse space if the warehouse capacity is smaller. For larger warehousing capacity, one 3-ton elevator can be built for every 3,500 to 4,500 square meters. At present, forklifts cannot directly enter the elevator. This will increase the horizontal transport of merchandise in and out of the elevators. If the forklift could directly enter the elevator, it would be more convenient, the efficiency of elevator use would be increased and the speed of entering and exiting the warehouse would be accelerated. This should be studied in future designs.

Table 5 compares the planar arrangement, the number of floors, the number of elevators, the designed height of the floors, the designed load, the rate of utilization of the area and the storage capacity of the 12 multistory general warehouses of the Shanghai Commercial Storage and Transportation Company.

(5) The windows of multistory general warehouses serve the main function of ventilation, therefore the area of the windows should not be too large, otherwise, an overly large area of sunshine will affect the quality of merchandise. Generally the window area can be  $1/15$  to  $1/20$  the area of the warehouses. The height of the window sill from the floor inside the warehouse when there are ventilation holes under the window sill should be no less than 3 meters and it should not be less than 2.5 meters when there are no ventilation holes. The shape of the window generally should be mid-wall steel windows to facilitate manually turning the handle of the window to open and close the window.

(6) Indoor fire hydrants of multistory general warehouses can be placed inside the hallways between stairs (or connecting corridors). Fire hydrants, water curtains or automatic sprinklers should not be placed inside the storage rooms. The water supply and drainage pipes also should not pass through the storage rooms. Each storage room should have its own electric switch. The switch box, the electrical outlet and the control equipment of the storage room can be installed between the stairs on each floor and hallways (or connecting corridors). Multistory general warehouses storing flammable objects should also have lightning rods and lightning arresters according to requirements for lightning prevention.

Table 5. Comparison of the 12-Multistory General Warehouses of the Shanghai Commercial Storage and Transportation Company

1	2	3	4	5	6	7	8	9	10														
楼	房	层	数	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
名	方	层	数	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
名	式	数	层	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
29	国商港	分式	3	24670	3.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
30	国商港	分式	3	8942	1.5	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
31	大光明	分式	5	13620	1.2	1.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
32	北方仓库	分式	5	14070	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
33	二宝	分式	4	2977	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
34	永隆	分式	4	7451	1.6	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
35	北分	分式	3	9047	1.9	1.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
36	甘分	分式	4	11085	1.5	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
37	甘分	分式	4	5371	1.8	1.6	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
38	甘分	分式	4	7007	1.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
39	外港	分式	4	7892	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
40	外港	分式	6	16117	1.5	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3

62 说明: 1. 总建筑面积包括库房及按电梯间川堂等附属建筑面积  
2. "实际面积"系指"墙内面积"扣除柱子等不可堆货的面积  
3. "堆货面积"系指"实际面积"扣除通道面积  
4. 面积利用率 = 堆货面积 ÷ 实际面积 × 100%  
5. 建筑面积使用系数 = 堆货量 ÷ 总建筑面积 × 100%

Key:

- |                                    |   |
|------------------------------------|---|
| (1) Name of warehouse              | (22) Sixth floor                                      |
| (2) Arrangement                    | (23) Area inside walls                                |
| (3) Total number of stories        | (24) Actual area                                      |
| (4) Total area of building         | (25) Stacking area                                    |
| (5) Height of floor                | (26) Rate of utilization of area                      |
| (6) Designed load                  | (27) Storage capacity                                 |
| (7) Total area of warehouse        | (28) Coefficient of utilization of area of structure  |
| (8) Storage capacity               | (29) Outer second line warehouse of Weishunlu Harbor  |
| (9) Number of elevators (unit/ton) | (30) Fuxingdao first branch warehouse                 |
| (10) Remark                        | (31) East Daminglu first branch warehouse             |
| (11) Ground floor                  | (32) Northern Jiangsu warehouse administration office |
| (12) Second floor                  | (33) Wenan Road branch warehouse                      |
| (13) Third floor                   | (34) Yongkangli branch warehouse                      |
| (14) Fourth floor                  | (35) Beiyi branch warehouse                           |
| (15) Fifth floor                   | (36) Ganyi branch warehouse                           |
| (16) Sixth floor                   | (37) Ganer branch warehouse                           |
| (17) Ground floor                  | (38) Gansan branch warehouse                          |
| (18) Second floor                  |   |
| (19) Third floor                   |   |
| (20) Fourth floor                  |   |
| (21) Fifth floor                   |   |

- (39) Xianggang Road branch warehouse
- (40) Xinkaihe branch warehouse
- (41) Separate
- (42) Separate
- (43) Single unit
- (44) Single unit
- (45) Single unit
- (46) Single unit
- (47) Separate
- (48) Separate
- (49) Single unit
- (50) Single unit
- (51) Single unit

- (52) Separate
- (53) Two slide ladders
- (54) Two slide ladders
- (55) One slide ladder
- (56) One reverse ladder
- (57) One slide ladder
- (58) One slide ladder
- (59) One slide ladder
- (60) One slide ladders
- (61) Two reverse ladders

- (62) Explanations:
  - (1) The total area of the structure includes warehouse area, hallways between stairs and elevators and accessory structural areas.
  - (2) "Actual area" means "area within the walls" minus the areas taken up by columns and such areas that cannot be used to store merchandise.
  - (3) "Stacking area" means "actual area" minus the areas of hallways.
  - (4) The rate of utilization of area  $\alpha$  = stacking area  $\div$  actual area  $\times$  100 percent.
  - (5) The coefficient of utilization of the area of the building  $K$  = storage capacity (5)  $\div$  total area of building ( $m^2$ )  $\times$  100 percent

9296

CS0: 4006/357

## CONSTRUCTION

### JINAN TELEPHONE BUILDING DETAILS PUBLISHED

Beijing JIANZHU XUEBAO [ARCHITECTURAL JOURNAL] in Chinese No 2, 1983 pp 60-62

[Article by Zhao Yizhen and Wang Shaoqiang: "The Jinan Long Distance Telephone Building"]

[Text] The Jinan Long Distance Telephone Building is located on Communist Youth League Road, in the center of Jinan City. It is one of the major structures at the center of the city, and occupies 1.4 hectares of land. The area of the structure is about 20,000 square meters. The main building is divided into 1 floor of telephone operation machinery, and 10 additional floors towering 52.7 meters high. The structure cost 8.03 million yuan. It's construction was completed in June 1981.

#### I. The Composition of the Building

The Jinan Long Distance Telephone Building is composed of three parts; they are: the equipment rooms, the telecommunication business office, and the telephone conference room. The main building is equipped with 19 communication equipment rooms, and 4 long distance telephone switchboard rooms. The equipment room occupies more than 80 percent of the total area of the structure. The telecommunication business office includes the long distance telephone and the telegram sections. The telephone conference room section is equipped with two telephone conference rooms and a picturephone telephone room.

#### II. The Distinguishing Features of the Surface Layout

##### 1. Overall Layout and Functional Divisions:

In order to guarantee the quality of communication, the technological design requirement is comparatively strict for architecture. The overall position, arrangement, surroundings, architectural interrelationship, the layout of equipment installed in various rooms, dustproofing, soundproofing, ventilation, etc., all bring forth many technical requirements. But the first important job in the overall architectural design is the careful and skillful handling of the interrelation of the various components. Not only must the requirements of function and use of each component itself be met, but the requirements for their connection and separation must also be considered.



The equipment rooms, the business offices, and the telephone conference rooms all should have their own individually used exits and entrances; and there must be clear limits for personnel traffic patterns and areas of activity in order to avoid interference.

The equipment rooms of the long distance telephone building occupy the main position in the overall architectural arrangement. The exits and entrances of the equipment rooms are for the personnel working within the building; for convenient control, it is inadvisable that they face the city's main street, it is easier to enter and exit via an interior compound. However, this telephone building has a considerable bulk; in the city, such large buildings are arranged mostly along the main street. If the main entrance and exit of the building's equipment room is found in the interior compound, with no entrance gate along the street elevation, it would be somewhat contradictory to plan and design requirements. In order to solve this contradiction, the following forms of arrangement are possible:

(1) Set the business office up on the ground or first floor and utilize the outside entrance and exit of the business office as the center point along the street elevation. This kind of arrangement along the street elevation is comparatively easy to handle. This puts the business office in the principal part of the building, and it is perpendicularly arranged with the equipment rooms; although this is convenient for technological connection, yet, according to the report of the used unit, it is disadvantageous for the equipment room's management. From an architectural point of view, the business office level has been comparatively confined by the support pillar layout of the equipment rooms.

(2) Although the main entrance of the building's equipment room is in the compound, there could still be a gate along the street elevation. This gate would not be much used. It would be built mainly for the need of architectural elevation; therefore, its function and style would not be sufficiently unified.

(3) Move the business office out from the main body of the building, creating a single storey or a lower level building for it. The business office in the single storey section, and the multi-floor equipment room section form an unsymmetrical overall arrangement, making the business office entrance along the street elevation the main entrance for the building. In this kind of arrangement, the equipment room and the business office will not affect each other; moreover, each will satisfy its own requirement for pillar layout and floor plan arrangement, which also makes the form of the building very fluid.

The Jinan Long Distance Telephone Building has adopted the third arrangement mentioned above. The sections of equipment rooms and the business office are arranged along Communist Youth League Road. The entrance of the equipment rooms is at the southern side of the building; and there are convenient connections from entrances of the compound to the interior courtyard, office building, business office and other control rooms. The business office is on the west side of the equipment rooms; and it is situated at an intersection of Communist Youth League Road; the location is clear and convenient for

the masses to use. The telephone conference room which has its own entrance is set up at the eastern side of the building. This way, the flow of people who participate in telephone conferences will be confined to a certain area and will not cross the equipment room section. At the same time, this places the telephone conference room far away from the main street, reduces noise interference, and creates a good environment for use.

2. Plane Design: According to the principles of technology and overall arrangement, the equipment rooms section should have a compact layout, a uniform pillar system and be simple in form. The lower floor has power, air-conditioning, electric power and other engine rooms. The second to fifth floors have carrier, long distance equipment, the long distance exchange, and other communication equipment rooms. Above the fifth floor are the radio communication systems; and the tower on the top is equipped with a microwave equipment room, a microwave antenna, etc. In order to provide good conditions for microwave transmission, it should not be blocked by the surrounding buildings. The tower is 52.7 meters above the ground which meets the requirement for microwave transmission.

(1) The floor plan of the equipment rooms is governed by the layout of the communications equipment and racks. The long distance telephone building is a structure with reinforced concrete frame and pillars every 5.6 meters. In the distribution of the pillars, the paired pillars arrangement was adopted; that is, the walkway for the interior of the rooms is between the pillars, and on either side are the equipment and the machinery. This type of arrangement has been frequently adopted.

In the north of the equipment rooms is a passageway 2 meters wide which is created as an enclosed corridor. This is not only a passageway for traffic, but also, the corridor separates the equipment rooms from the street, which is advantageous for dustproofing, soundproofing, and heat preservation.

(2) In the floor plan of the business office, based on the characteristics of use, there are separate arrangements for the part related to "motion" business, and the part related to communication by telephone which requires "quiet." In front of the telephone booths, a waiting room is installed, which creates a comparatively quiet environment. This way, in the floor plan there is separation between business and waiting for telephone use, coinciding with the characteristics of utilization. Spatially, these two are connected together but vary stylistically.

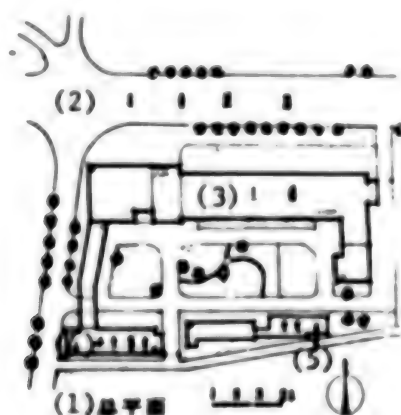
The business office is the focal point for interior decoration in the long distance telephone building; the main office has a floor of artistic terrazzo, and pillars and portions of wall are surfaced with Laiyang green marble. Moreover, there are marble business counters and granite desks, and other fixed appointments.

### III. The Nature and Type of Design of the Long Distance Telephone Building

In relation to the nature of its utilization, the telephone building has dual character of being a multiple floor light industry building and a public

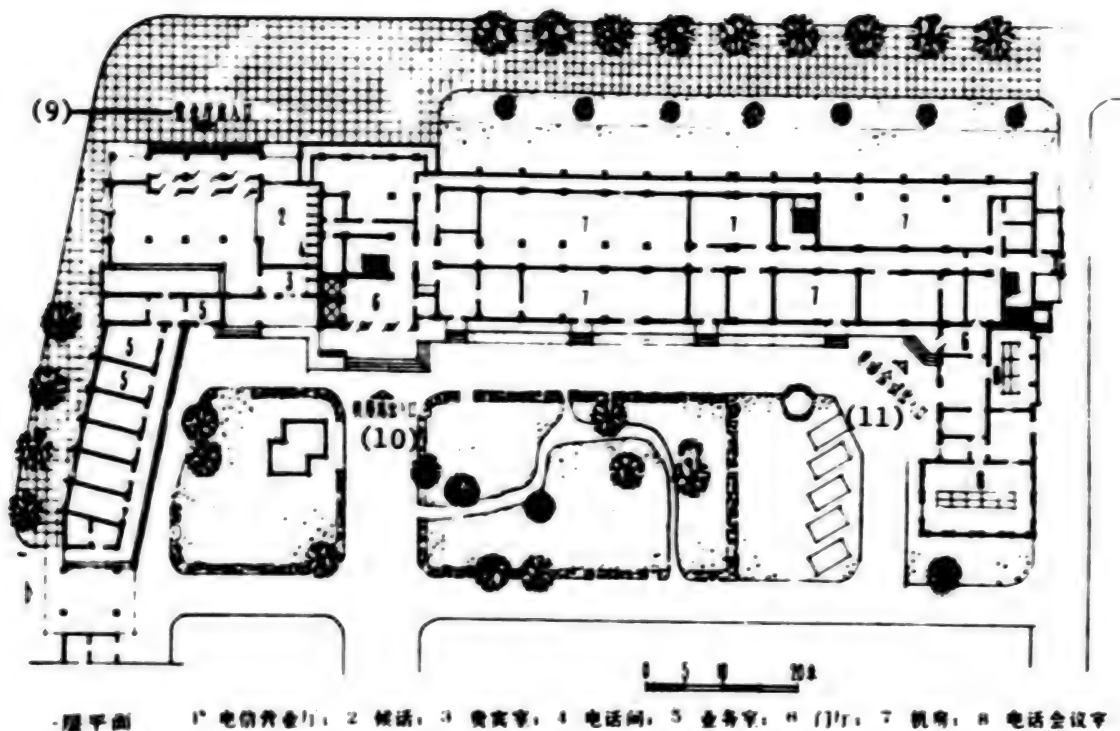
building. That is, on the one hand, it has the telecommunication business office for public use; on the other hand, it has modern installations of various communication equipment. Therefore, in architectural and artistic handling, it should reflect the combined characteristics of industrial and public buildings. It enables the style, elevation form, etc. of the structure to reflect more fully the characteristics of the interior function and architectural usage, and comprehensively solves the problems of function and architectural style. To grasp the nature of the structure, and unify the function and the form: this is the basic concept of the design of this telephone building.

In the concrete design of form and elevation, it has adopted a technique of integrating high and low structures, and, based on its functions, the entire building forms an unsymmetrical structure. In the equipment section, large glass windows with outside frames have been used, which display the distinguishing features of a succinct and sprightly modern multistoreyed factory building. Those 10 floors in the middle of the building form the towering part of the entire building. It contrasts with those single storey business offices in type, color, and material. It particularly mirrors the characteristics of the function of the various parts. The closed-off aspect of the multistoreyed equipment section along the street elevation and the openness of the pillar corridor style used in the business office, makes the differing character of the various parts even more distinct. In material handling, because the elevation along the street is on the north, warm tones or colors are used on the surface of the outside wall. Cream-colored mosaic has been used on the wall surface. Among the mosaic pieces, white colored horizontal and perpendicular lines have been used. In the pillar corridor of the business office, and on the outside wall surface are used Jinan Liupu red granite. Based on the feelings of color and material, there is a clear-cut distinction between the business office and the equipment section. The main eaves of the business office connect the tower and equipment section as a whole unit.



Key:

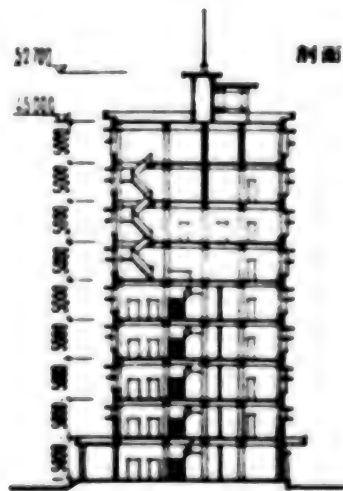
- |                                |                         |
|--------------------------------|-------------------------|
| 1. Overall Ground Plan         | 4. Office and dormitory |
| 2. Communist Youth League Road | 5. Power room           |
| 3. Main building               |                         |



First Floor Level

Key:

- |                                       |   |
|---------------------------------------|---|
| 1. Telecommunications business office | 8. Telephone conference room                            |
| 2. Waiting phone (room)               | 9. Exit and entrance of the business office             |
| 3. Guest room                         | 10. Exit and entrance of the equipment rooms            |
| 4. Telephone booth                    | 11. Exit and entrance of the telephone conference rooms |
| 5. Service rooms                      |   |
| 6. Entrance hall                      |   |
| 7. Equipment rooms                    |   |



12266

CSO: 4006/496

## DOMESTIC TRADE

### REFORM IN THE COMMODITY CIRCULATION SYSTEM

Beijing JINGJI RIBAO in Chinese 29 Jan 83 p 1

[Editorial: "Step Up Reform in the Commodity Circulation System"]

[Text] Presently, commodity production in the countryside is rapidly developing, industrial products are continually increasing, and the scale of commodity exchange between the city and the countryside is increasing day by day. Especially with the extensive practice of the output-related system of contracted responsibilities in agriculture, the emergence in large numbers of specialized households and major households and the development of diversified undertakings, good conditions never previously experienced by China's agriculture have emerged. The purchasing power of the vast numbers of the peasants has increased to a great extent and the commodities needed in the rural market have swiftly increased. The demands of people who live in the cities and towns for agricultural and sideline products and manufactured consumer goods have also increased. Under these conditions, the commodity circulation system currently in operation is less and less able to meet demand. The peasants' difficulty in selling and buying, the overstocking of manufactured consumer goods, and disjointed production and market demand have already become prominent problems in economic life. In order to promote the planned development of commodity production, to further enliven the economies of the cities and countryside, we need to speed up the reform of the commodity circulation system and open up a new phase in commercial work.

How can we open up a new phase? The comrades of our commercial departments must first get a clear understanding of the situation, eliminate the influence of Leftist ideology and the ideology of sticking to old ways, show courage and boldness, and do away with old conventions, stereotypes and old work styles. For a long time, our state-operated commercial departments have become accustomed to monopolizing the market and to the practice of "everyone eating from the same big pot." In thinking over problems and handling affairs, some comrades are still following the road they are accustomed to. They are very unconformed when they engage in business operations under new conditions, and lack effective measures. The workstyle of the "bureaucrat merchant" more or less remains unchanged, and the problem of inferior quality of service is common. Facing these conditions, if there is not first an ideological transformation it will be very hard to make any breakthroughs, forge ahead, or blaze new trails.



The situation is forcing us to definitely take a road of engaging in business operations with distinctive Chinese features. We must uphold the socialist road and safeguard the unified socialist market; and uphold the principle of ensuring the leading role of the planned economy supplemented by market regulation. Under the premise of ensuring that we fulfill the unified state plan, we must allow many channels of management; uphold the leading role of state commerce and practice diverse economic forms, various management patterns, diverse circulation channels and a circulation system with fewer administrative links; break down the barriers between the city and the countryside and regional blockades, and widely open channels of circulation; build state-operated commerce companies that separate government administration and business management, reduce wholesale links, reform the supply and marketing cooperative system, fully develop collective commerce, appropriately develop individual commerce, etc. In handling collective and individual management, we should see that state commerce cannot monopolize everything. The collective and individual enterprises must be allowed to engage in business operations suitable to their capabilities. They should not be rejected or punished by the state at will. Stifling overcentralization should be prohibited.

Equalitarianism is by no means socialism. The practice of "everyone eating from the same big pot" can no longer be adopted. All commercial enterprises must gradually implement various forms of the management responsibility system. In particular, small-scale retail trades, catering trades and other service trades must put into practice the system of management contracted responsibilities, unite responsibilities, rights and interests; implement the principle of distribution according to work; and give consideration to the interests of the state, enterprise, staff and workers, and consumers. The facts have proved that those commercial enterprises which have smashed the "one big pot" obtain very good management achievements and economic results, and show the strength of the system of management responsibility. Presently, changing the practice of "everyone eating from the same big pot" can meet with all kinds of resistance. We must dare to eliminate the resistance and destroy the old and bring forth the new.

One important area of commercial reform is that we must speed up the pace of the reform of the supply and marketing cooperative system. The supply and marketing cooperatives at the grassroots level must restore the character of cooperative commerce; strengthen mass participation, democratic orientation and flexibility; and widen the scope of business operations and service areas in order to make its management activities establish contact with the economic interests of the peasants, and to gradually become a comprehensive service center of supply and marketing, processing, storage, transport and technology.

Presently, we especially must pay attention to facilitating the channels of circulation between the cities and the countryside, break down the barriers between the cities and the countryside, and resolve the problems of the peasants' difficulty in selling and buying. We must make the diversified avenues for commodity circulation such as state commerce, supply and marketing cooperative commercial enterprises, and other various cooperative commercial

enterprises, self-managed commercial enterprises of production units and individual commercial enterprises be unimpeded and unblocked, and without the limits of administrative divisions. State commercial enterprises can go to the countryside to engage in business, supply and marketing cooperatives can go into the cities to engage in business, collective and individual commercial enterprises can do long-distance transport and sale within the range of the national policy regulations, and pay taxes according to law.

12310

CSO: 4006/321

## FOREIGN TRADE

### THEORETICAL, STRATEGIC ISSUES OF FOREIGN TRADE DISCUSSED

Beijing JINGJI RIBAO in Chinese 6 Apr 83 p 3

[Article by Yu Jianxun [0060 1696 8113]: "Discussion of Issues Concerning the Economic Results and Restructuring of Foreign Trade"]

[Text] The China International Trade Institute recently held a symposium on socialist theoretical and strategic issues of foreign trade. Issues concerning economic results and restructuring of foreign trade were discussed at the symposium.

#### Issues Concerning the Economic Results of Foreign Trade

The symposium discussed the theoretical basis and the criterion for measuring the economic results of foreign trade, the evaluation of the economic results of foreign trade in the past 30 years and ways to improve the economic results of foreign trade.

Some participants contended that the theoretical basis for improving the economic results of foreign trade is Marx's theory on international value; namely, utilizing the comparative difference between the international value and domestic value of various import and export commodities to strive to achieve the best economic results possible. Others contended that Marx's theory on reproduction should also be considered as a theoretical basis, and, at the same time, consideration must be given to the requirements of the basic law of the socialist economy and the law governing the planned and proportionate development of the national economy. Their reason was that our country cannot guide the development of our foreign trade only on the principle of profits.

There were two views on the criterion for examining the economic results of foreign trade. One contended that the criterion should be based on how much the value increases and how much social labor can be saved. The other one contended that the criterion should be based on the principle of integrating the use value and the value of commodities. In other words, it is necessary to see whether import and export commodities can materially conform to domestic production and satisfy the people's needs and whether they can increase in value and save social labor.

The participants also held that consideration should be given to macro-economic and micro-economic results. The former means the effect of foreign trade activities on the national economy and the latter means the economic results of foreign trade departments and enterprises. When the two contradict each other, priority should be given to macro-economic results. Consideration should be given to micro-economic results in line with the principle of guaranteeing or not harming macro-economic results. The direct and indirect results of foreign trade should be combined and given unified consideration. Some participants held that, for a long period of time, some departments concerned and enterprises have often ignored the economic results of foreign trade, one-sidedly emphasized the exchange of the use value and relaxed economic accounting, resulting in a certain degree of blindness in administration and management.

The participants offered quite a few constructive opinions for improving economic results. The main points of these opinions are: we should change the export commodity mix, pay attention to the technical renovations of export commodity producing units, reduce costs of production, improve the quality and packaging of products and raise the competitiveness of export commodities; we should unify as one and join efforts in dealing with foreign countries and strengthen the state's unified management of foreign trade in line with the requirements of the national economic plan; we should do a good job in economic responsibility systems, fix authority and interests according to responsibility and effect the integration of responsibility, authority and interests; we should separate trades and aides; we should readjust current policies in prices, taxes, profits, credit and exchange rate; we should do a good job in handling the dialectical relations between the state revenue balance and foreign exchange balance; and we should give overall consideration to imports and exports and mete out different economic examination targets and so forth.

#### Issues Concerning Foreign Trade Restructuring

The participants held that, to restructure foreign trade, we should proceed from the reality of China and conduct a study in accordance with the experience of our country in practical work. The experiments of foreign trade restructuring we carried out in selected units in the past few years are conducive to the development of our foreign trade affairs.

The current major contradictions in this regard are: 1) the contradiction between unifying as one and joining efforts in dealing with foreign countries and arousing the enthusiasm of all circles; 2) the contradiction between how to suit the requirements of the domestic system of planned economy and how to suit changeable capitalist markets; and 3) the contradiction between foreign exchange volume and earnings. The settlement of these three contradictions will substantially help the development of our country's foreign trade.

The participants set forth several principles for further restructuring foreign trade: 1) the principle of coordinating the interests of all fields in developing the production and marketing of export commodities; 2) the principle of unifying as one and joining efforts in dealing with foreign countries;

3) the principle of improving economic results or profitability; 4) the principle of allowing foreign trade managers to have limited autonomy and managerial flexibility; 5) the principle of conducting specialized management of foreign trade; and 6) the principle of integrating responsibility, authority and interests.

Issues concerning the development strategies of foreign trade, utilization of foreign funds, international division of labor and international value were also discussed at the symposium.

12302

CSO: 4006/460



## FOREIGN TRADE

### BRIEFS

SHEKOU INDUSTRIAL DISTRICT--On New Year's Eve, the Shekou industrial district in the Shenzhen Special Economic Zone spread the happy news: eight more factories successively were built for trial production at the end of last year and January of this year. They are: the Huamei Steel Mill, Huayi Aluminum Plant, Yuandong Biscuit Factory, Yuandong Feed Plant, Lushi Electronics Factory, Zhongrui Chemical Plant, Shengang Furniture Plant and the Zhonghui Concrete Factory. The total workshop area of the eight factories reaches 60,000 square meters, investment was approximately 150 million Hong Kong dollars. Primary products are steel products, aluminum sheets, biscuits, fodder, televisions, refrigerators, furniture and industrial ammonia water. Among them, the equipment installed in the Huayi Aluminum Plant is of high quality. Primary production equipment such as the cold-running mill and the ball mill were successful the first trial run, and received favorable comments from foreign experts. The said factory's designed capacity for production is an annual output of 12,000 tons of aluminum sheets. The Yuandong Biscuit Factory and Yuandong Feed Plant are ventures with exclusive investment of Hong Kong businessmen. Every hour they can respectively produce 2 tons of biscuits and 66 tons of fodder. [Text] [Guangzhou NANFANG RIBAO in Chinese 4 Feb 83 p 1] 12310

CSO: 4006/321

## GENERAL

### PROSPECTS OF GUANGDONG ECONOMIC CONSTRUCTION DISCUSSED

Guangzhou NANFANG RIBAO in Chinese 11 Apr 83 p 2

[Editorial: "Create an Overall New Situation in Our Province's Economic Construction Through Reforms -- Congratulate the Successful Conclusion of the First Session of the Sixth Provincial People's Congress and the First Session of the Fifth Provincial CPPCC Committee"]

[Text] The First Session of the Sixth Guangdong Provincial People's Congress successfully fulfilled its tasks according to the planned agenda and concluded yesterday after an 8-day session. The first session of the fifth provincial CPPCC committee also successfully concluded yesterday. They were major events in people's political life. We extend warm congratulations to them.

This provincial people's congress was convened at a time when our province had achieved major success in socialist modernization. Entrusted by the people throughout the province and with a master's strong sense of responsibility, deputies at the session examined and discussed the work of our provincial people's government in the past 5 years, especially since the 3d Plenary Session of the 11th Party Central Committee, discussed and approved "The Outline for the Sixth 5-Year Plan of the Economic and Social Development in Guangdong Province," affirmed achievements, summed up experiences and clarified orientation. At the same time, the deputies elected our province's deputies to the Sixth National People's Congress, the leading body of the sixth provincial people's congress and leaders of the provincial people's government. Members attending the first session of the fifth provincial CPPCC committee conscientiously discussed the work report of the standing committee of the fourth provincial CPPCC committee and elected the new leading body of the provincial CPPCC. They also attended the first session of the sixth provincial people's congress, offering many valuable opinions and suggestions for socialist modernization in our province and expressing their warm concern for socialist undertakings and their strong sense of responsibility. The successful convocation of the people's congress and the political consultative conference will mobilize people throughout the province to dedicate their heart and soul to fulfilling the targets set in "The Sixth 5-Year Plan" and creating a new situation in our province's socialist economic construction under the guidance of the spirit of the 12th National Party Congress.

"The Outline for the Sixth 5-Year Plan of the Economic and Social Development in Guangdong Province" stipulates: During the period of "The Sixth 5-Year Plan," our province's economic development should maintain a relatively high speed under the prerequisite of improving economic results. The total industrial and agricultural output value of 1985 is planned to reach 46.4 billion yuan, an increase of 36 percent compared to that of 1980 and an average annual increase of 6 percent. This projected growth rate is higher than the requirement of "ensuring a 4 percent increase and striving for a 5 percent increase" set forth in the national "Sixth 5-Year Plan" and also higher than our province's 5.7 percent increase rate during the period of the fifth 5-year plan. Therefore, it is positive and feasible. As long as we continue to work hard and maintain the growth rate of our industry and agriculture in the first 2 years of the "Sixth 5-Year Plan" period, we will be able to fulfill the targets of our plan 1 year ahead of schedule in accordance with the requirements of the provincial people's government. The complete fulfillment of "The Sixth 5-Year Plan" will enable our agriculture, light and textile industries, energy resources, communications construction, foreign trade and special economic zone construction to develop by a relatively large margin; our culture, education and scientific undertakings to develop accordingly; and our people's material and cultural living standards to further improve. At the same time, the fulfillment of the plan will also create conditions for attaining the general goal of the 20-year economic construction and social development in our province.

What do we rely on to overfulfill "The Sixth 5-Year Plan" of our province in an all-round way? We should rely on policies, science, leadership and the masses. As far as economic work is concerned, the key link is to do a good job in reforms and use them to help in further opening up our country to the outside world and enlivening our domestic economy.

Reform is the motivation of advance. Its fundamental point is to change certain aspects in the relations of production unsuitable to the development of productive forces and to change certain aspects in the superstructure unsuitable to the economic basis. Specifically speaking, at present we should emphasize doing a good job in restructuring administrative organs and economic management systems. A great deal of facts have proved that reform can help improve economic results and speed and discover scientific inventions and talented people. In the past few years, the agricultural development of our province has been better and better every year. The construction of the special economic zone has achieved faster progress. In a certain sense, these cannot be separated from the carrying out of reforms. Of course, to do a good job in reforms, we must further emancipate our minds and proceed from reality. We must not raise a hue and cry and indiscriminately copy others' experiences. All kinds of reforms must be aimed to help in developing production, science and technology and circulation, overcoming the equalitarian malpractice of eating out of the "same big pot," arousing the internal motivation of enterprises and establishments, discovering and training talented people and improving people's material and cultural living standards. Through reforms, we should enable our administrative organs and economic management systems to better meet the requirements of further opening up to the outside world and further enlivening our domestic economy.

We need to point out here that, following the 3d Plenary Session of the 11th Party Central Committee, the Party Central Committee and the State Council

approved that our province adopt special policies and flexible measures, urging our province to further open up to foreign countries and further ease internal policies under the prerequisite of persisting in self-reliance, actively expand economic and trading activities with foreign countries and boldly absorb foreign investment to build special economic zones. This is a major policy decision adopted by the Party Central Committee and the State Council to speed up the socialist modernization of our province, as well as an important aspect in restructuring the economic and management system. Practice has shown that the open-door policy and establishment of special economic zones have eliminated the old ways of carrying out economic construction, broadened people's field of vision and effectively encouraged our province to enliven the economy and give full play to our advantages; and easing domestic policies and enlivening the economy can more effectively guarantee and accelerate the implementation of the open-door policy. We must conscientiously sum up and utilize experiences in this regard, persist in implementing special policies and flexible measures, do a better job in the reforms, enable the open-door policy and the domestic economic policy to promote each other, closely combine efforts to enliven the economy and efforts to strengthen management and accelerate the development of material and spiritual civilizations. By so doing, we will be able to build our province into the south gate of our motherland where the political situation is stable, the economy is prosperous, scientific work is advanced, the cultural level is high, people are rich and social customs are sound.

The times are advancing. The task facing us is glorious but arduous. Let us closely rally around the Party Central Committee and, under the direct leadership of the Guangdong Provincial Party Committee, diligently study, boldly blaze new trails, further enhance the unity of all nationalities, the unity between army and the people, the unity between the army and the government and the unity with compatriots of Hong Kong, Macao and Taiwan and with overseas Chinese, bring into play all positive factors and make concerted efforts to strive to prefulfill and overfulfill "The Sixth 5-Year Plan" of our province in an all-round way.

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## GENERAL

### NINGXIA CONGRESS STANDING COMMITTEE WORK REPORT

HK211313 Yinchuan NINGXIA RIBAO in Chinese 9 May 83 p 2

[By Ma Qingnian [7456 7230 1628], Chairman of the Standing Committee of the Regional People's Congress: "The Work Report of the Standing Committee of the Ningxia Hui Autonomous Regional People's Congress--Adopted at the First Session of the Fifth Regional People's Congress on 29 April 1983"--passages within slantlines published in boldface]

[Text] Fellow delegates:

The standing committee of the Fourth Ningxia Hui Autonomous Regional People's Congress asked me to report to you on our work on its behalf.

Since the conclusion of the Fifth Session of the Fourth Ningxia Hui Autonomous Regional People's Congress in December 1982, the standing committee has accomplished the following tasks according to the resolutions adopted by the session:

/(1) Directing the election of deputies to the fifth autonomous regional people's congress and making preparations for the convening of the first session of the fifth autonomous regional people's congress./

It was decided at the Fifth Session of the fourth autonomous regional people's congress that the number of deputies to the fifth autonomous regional people's congress should be 465. During the election, in the light of the situation brought about by the autonomous region's structural reforms and the new circumstances, five extra deputies were added to the number. Consequently, the total number of deputies to the fifth autonomous regional people's congress increased from 465 to 470. We have asked this people's congress to retroactively recognize the five extra deputies. In addition, Yinchuan City is still nine people short of its quota of deputies, for whom a by-election will be held later.

In order to ensure that deputies of the fifth autonomous regional people's congress could be elected on schedule, all election units started working immediately after the conclusion of the Fifth Session of the fourth autonomous regional people's congress. Organs of the standing committee of the autonomous regional people's congress had assigned special departments to be responsible for keeping in contact with the election organs. Batches of cadres were dispatched to various areas to supervise elections and to help them study and handle problems arising from the elections. At its 19th Plenary Session, the standing



committee decided to form a committee to examine the qualifications of the deputies. Before the convening of this people's congress, the qualifications of the elected deputies were examined and the report on this examination has been submitted to this people's congress for approval. The qualifications of the 461 deputies have been confirmed.

Judging from the actual situation of the elections held by the election units and the results of the examination on the qualifications of the deputies, the stipulations of the "election law" have been earnestly implemented during this election. In addition, it has met the requirements of the relevant resolutions adopted at the Fifth Session of the fourth autonomous regional people's congress. The whole process of the election was smooth and successful. It plays an active role in further uniting the people of all nationalities in our region, enforcing the new constitution, strengthening the system of people's congresses, and creating a new situation in our socialist modernizations.

After this election, there are the following changes in the composition of the deputies to this autonomous regional people's congress compared with that of the deputies to the previous autonomous regional people's congress:

First, the deputies represent more people. An appropriate number of deputies are elected from among workers, peasants, intellectuals, cadres, the PLA, democratic parties, nonparty democratic personages, religious circles, returned Overseas Chinese, families of Overseas Chinese, Taiwan compatriots, and all fronts of socialist construction. The proportion of deputies from various sectors has embodied the party's policy in a new period. The proportion of intellectuals has increased by 9 percent compared with that in the previous congress; the proportion of members of democratic parties and patriotic democratic personages has increased by 5.4 percent compared with that in the previous congress; nine deputies are elected from among returned Overseas Chinese, families of Overseas Chinese, and Taiwan compatriots, an increase of 1.7 percent compared with the number elected to the previous congress from among the same group of people; the number of deputies elected from among advanced personages of all fronts has increased by 12.6 percent compared with that in the previous congress. In addition, there are 11 deputies who are laborers or individual laborers who have become rich through labor. Of all the deputies, 20.2 percent are female and 34.9 percent are not CPC members, an increase of 3 percent compared with the figure for the previous congress.

Second, minority nationality deputies account for a greater proportion and the local state power organs embody the policy of the regional autonomy of minority nationalities. Of all the deputies elected this time, 171 are from the Hui nationality. The proportion they constitute has increased from 35.13 percent in the previous congress to 37.1 percent. In addition, 14 deputies are from the other 7 minority nationalities. Thus, the party's and the state's policy toward nationalities has been further implemented.

Third, the spirit of the structural reform and of the replacement of old cadres by young cadres and the cooperation between them has been embodied. At present, China is striving to create a new situation in all fields of socialist modernization. In order to accomplish this great historic task, the CPC Central Com-

mittee has formulated the important policies of structural reform and of making the ranks of the cadres become more revolutionary, younger in average age better educated, and more professionally competent. During the election, all the electing units paid close attention to these issues. Of all the deputies to this autonomous regional people's congress, 72.76 percent are young or middle-aged people. Many of them are the elite of society who have scientific or cultural knowledge and who have the courage to make innovations. In addition, compared with the situation in the previous autonomous regional people's congress, there are fewer deputies concurrently holding posts in people's congresses below the autonomous regional level. Of the deputies to the previous autonomous regional people's congress, 45.5 percent concurrently held other posts while only 8.5 percent of the deputies to the present autonomous regional people's congress hold other posts concurrently. This is a decrease of 37 percent.

Fourth, on the whole, the deputies' educational level and their ability to discuss state affairs have improved. In order to ensure that the deputies can exercise their powers well, in the elections held in various areas, attention was paid to the deputies' educational level and to their ability to discuss state affairs. Generally speaking, all the deputies elected can read the documents of the autonomous regional people's congress on their own. Of all the deputies, 72 percent have a junior secondary education or above, an increase of 23.5 compared with the previous autonomous regional people's congress. A total of 108 deputies, or 23.43 percent of the overall number of deputies, have a college or university education, an increase of 12.5 percent compared with the previous congress. Of the total number of deputies, 15, or 3.3 percent of the total, are illiterate, a decrease of 6.9 percent compared with the previous congress. The improvement in the educational level of the deputies to the autonomous regional people's congress has created favorable conditions for making the work of the people's congress a further success and for implementing and relaying the spirit of the people's congress.

The above tells us that, although the total number of deputies to the fifth autonomous regional people's congress has decreased, they represent, however, broader sections of people and are more advanced and more capable of discussing state affairs. If the autonomous regional people's congress is organizationally further perfected and strengthened, we can meet the requirements of the work in the new period with better results, give full play to the role played by the local state power organs, strengthen the building of socialist democracy and the socialist legal system, and push forward the smooth development of the autonomous region's socialist modernizations.

/(2) In addition to making preparations for the first session of the fifth people's congress and continuing to carry out the regular work of the standing committee in line with the powers of office prescribed by the "local organic law," special attention has been paid to the following work:/

First, making preparations for the election of new deputies to the new people's congresses of the cities, counties, city districts, townships, and towns of the whole autonomous region. Arrangements for the election of new deputies to new people's congresses below county level have been made according to the term of office of the local people's congress at all levels prescribed by the "Constitution" and the "Local Organic Law" and the resolutions concerning the term of

office of the people's congresses below county level adopted by the NPC Standing Committee; the "Detailed Regulations Concerning the Trial Enforcement of the 'Election Law' in the Autonomous Regions" have been supplemented and revised according to the resolutions adopted by the Fifth Session of the Fifth NPC concerning the revision of certain provisions of the "Election Law" and the regulations concerning the direct election of deputies to people's congresses below county level formulated by the 26th Session of the NPC Standing Committee. In March, a conference on the election work of the whole region was held and an election work office responsible for the elections in the cities, counties (districts), townships, and towns established.

Second, organizing the persons in charge and the full-time cadres of the city and county (district) people's congresses to study the "Constitution." The "Constitution of the PRC is the general programme for administering the country and a body of basic laws. In order to ensure the implementation and enforcement of the "Constitution" and to make our study of the "Constitution" more profound, since February, the standing committee has begun to hold forums for the study of the "Constitution" and to organize the cadres of the standing committees of all levels of people's congresses of the whole region to study and discuss the "Constitution" in turn on the basis of the study of the "Resolutions Concerning the Study, Dissemination and Implementation of the 'Constitution of the PRC'" adopted by the Fifth Session of the fourth autonomous regional people's congress. We have organized the cadres twice and 56 full-time cadres and persons in charge of the standing committees of the city, county, and city district people's congresses have taken part in the study.

Fellow delegates!

This standing committee of the autonomous regional people's congress was elected at the Second Session of the fourth autonomous regional people's congress in January 1980. Since then, it has earnestly implemented the line, principle and policies adopted by the party since the Third Plenary Session of the 11th CPC Central Committee, earnestly relayed and implemented all the decisions and resolutions adopted by the Fifth NPC and its standing committee, strived to implement the resolutions adopted by all the sessions of the fourth autonomous regional people's congress, enthusiastically performed all the duties prescribed by the law, and done much to push forward the building of the material and spiritual civilizations of our autonomous region, to develop socialist democracy, and to perfect the socialist legal system. In 3 years and 3 months, the standing committee has held 19 conferences, discussed 106 topics, and made corresponding resolutions and decisions on the principle of the readjustment of our region's national economy, strengthening scientific and technological work, building of forests, bringing the Huanghe River under control, the enforcement of "marriage law," fighting serious economic offenses, maintaining social order, the study and implementation of the "constitution," and other major issues; in the light of the actual conditions of our region, it has formulated the detailed regulations governing the enforcement of the "election law," the supplementary regulations concerning the implementation of the "marriage law," the provisional regulations governing family planning, the measures to protect natural forest zones and cultural relics, and the regulations regarding water conservancy. Altogether, nine sets of local regulations have been formulated. They have been approved and issued for enforcement by the autonomous regional people's congress and the

standing committee. It has strengthened legislation of the counties and cities and organized the areas and persons concerned to discuss 14 drafts for laws, such as the "Draft of the Revised Constitution," and the drafts of the "civil law" and "criminal law" which the NPC Standing Committee distributed in order to solicit opinions on them; on the basis of the principles, policies, laws, and regulations formulated by the party and the state, it has enthusiastically conducted supervision, inspected and supervised our economic, scientific, cultural, and educational work, public health, marketing, and activity of cherishing army-men and giving preferential treatment to their families, political and legal work, the fight against natural calamities and relief work in the mountain areas in southern Ningxia, and so on, handled 1,137 letters from the people, received 252 people, and accepted and heard 74 appeals. It has asked the departments concerned, such as the autonomous regional people's government, the autonomous regional higher people's court, the autonomous regional people's procuratorate, and so on, to handle the cases. In addition, it has supervised and tried to find out how the cases were handled. It has strengthened the ties between the deputies to the people's congresses and the standing committees of the city, county, and city district people's congresses and established a liaison system; it has appointed or approved the appointment of 351 state organ workers. We have submitted detailed reports on the above work to all the sessions of the fourth autonomous regional people's congress. Therefore, I will not report to the first session of the fifth autonomous regional people's congress once more. Now, I will present to you the following report on what we have learned from our work and practice for discussion and for the new standing committee to refer to.

1. It is necessary to fully understand the significance of the formation of standing committees of people's congresses above the county level and the character, position, and functions of the standing committees of people's congresses. This is the prerequisite for the success of the work of the standing committees of people's congresses. The people's congress system is our basic political system. The formation of standing committees of people's congresses above the county level is an important measure to perfect socialist democracy and the socialist legal system, an important reform of our political system, and an important development in the people's congress system under the new circumstances. It has great significance for strengthening the building of local political power, improving the work of the state organs, and protecting and promoting the socialist modernizations. People need time to understand new things and they cannot fully understand them in a short time. Therefore, since the establishment of the standing committee of the fourth people's congress, to gain a full understanding of the importance and necessity of the establishment of standing committees of people's congresses at local levels and of the character, tasks, and role of the standing committees of people's congresses has become the problem which must be solved first. In the past 3 years or more, with the close attention and support of the party and through great efforts of all the cadres of the standing committees and the departments concerned and through various forms of propaganda, the understanding of the cadres and the masses has been improved and the work of the standing committees increasingly enjoys popular support and attention. Of course, it is necessary to point out that, although the people have some understanding of the necessity for the establishment of standing committees of local people's congresses, there is still the problem of how to supervise and support the work of the standing committees of people's congresses.



It is necessary to further study and solve this problem and to strengthen this aspect of work in the future.

2. The adherence to the four basic principles is the guarantee for the successful implementation of the working of the standing committees of the people's congresses. The four basic principles have been included in the Constitution. They are the guiding principles and common political base for the people of all nationalities in forging a solid unity and marching forward. The nucleus of the four basic principles is the adherence to the leadership of the CPC. The "Constitution" firmly recognizes the leading position of the PC in the political life of the state, reflects the revolutionary historical experience of our people, and expresses the desire of the people of all nationalities. Only under the leadership of the CPC can we ensure that all the power of our state goes to the people and that the people can correctly exercise their power in administering the state. While we work, we deeply feel that, in order to exercise well their powers of office, the standing committees of the people's congresses must conscientiously and unswervingly act in unison with the party in political affairs, earnestly implement the party's policies and principles, and carry out their work around the central tasks and unified arrangements of the party. In actual work, it is necessary to adhere to the leadership of the party, earnestly to enforce the provisions of the law, and to handle correctly the relations between the local organs of state power and the administrative organs, judiciary organs, and procuratorial organs of the state. In this way, we can adhere to the four basic principles, promote the role played by the local organs of state power, and, according to the magnificent programme of creating a new situation in all fields of socialist modernization adopted by the 12th NPC National Congress, the "Constitution" adopted by the Fifth Session of the Fifth NPC, and other laws, strive to create a new situation in the work of the people's congresses.

3. The establishment of close ties among the deputies to people's congresses and the faithful representation of the interests of the people are the basis for the successful implementation of the work of the standing committees of people's congresses. That "all power goes to the people" is the soul of the "Constitution." Democratic centralism is the basic principle of our political system. The NPC and all the local people's congresses are the organs through which the people exercise state power. The standing committees are the permanent organizations and permanent representatives of the people's congresses. We must firmly acquire the concepts of the people being the masters of the state and of our being the public servants of the people, put ourselves and the people in a correct master-servant relationship, listen to the voice of the people, respect their opinions, faithfully represent their interests, and enthusiastically work for the people. The "Local Organic Law" includes the establishment of ties among the deputies to the people's congresses as an important power of office of the standing committees of the people's congresses. To continue to strengthen the ties between the standing committees and the deputies to the people's congresses and to furnish them with the necessary conditions for exercising their powers of office are important regular work of the standing committees and their offices. Only by making frequent contacts with the deputies to the people's congresses can the standing committees have a solid basis for their work. There are more than 20,000 deputies to people's congresses at various levels. They come from various sectors and live among the masses. They know the feelings and demands of the people best. Thus, they are the most suitable people for conducting propaganda among the masses. The standing committees establish ties with the deputies to the people's congresses by all means and give full play to their role. In this way, we can sum up the demands and opinions of the masses on time,



fully reflect their desires, represent their interests, and strengthen the building of socialist democracy and the socialist legal system. In this regard, we have done something in the past. We have published the "Hui Kan" and the "Gongzuo Tongxun" at regular intervals in order to exchange work experience. In the future, we should continue to summarize experience and to make improvements and put the establishment of ties between the standing committees and the deputies on a regular and systematic footing so that the work of the standing committees of the people's congresses and the activities of the deputies to the people's congresses merge into an organic whole.

4. To conduct in-depth investigations and studies and to earnestly follow the mass line are important ways to do a good job of the work of the standing committees of the people's congresses. The standing committees of the people's congresses are responsible for discussing and making decisions on the important issues of the whole autonomous region, supervising the work of the people's governments, people's courts, and people's procuratorate, supervising the correct enforcement of the law and policy, investigating and formulating the local regulations, and appointing and removing the personnel of the state organs. In order to exercise well the powers of office prescribed by the "Constitution" and the "Local Organic Law," in carrying out our work, it is necessary to fully follow the mass line, conduct in-depth investigations and master firsthand material so that the standing committees can earnestly make the correct decisions and resolutions and formulate local regulations and specific measures which fit in with the distinctive features of the autonomous region according to its actual circumstances. In this regard, we have established a work system. The following three aspects of work should be strengthened in the future: First, to make the content of the investigations meet the special requirements of the work of the standing committees of the people's congresses; second, to strengthen the analysis and study of the data and to utilize them fully; third, methods of investigation should be flexible and diversified. It is necessary to have a clear understanding of all the facets of an issue and its relations with other issues in order to ensure that the conclusions of the investigations are correct and to prevent one-sidedness and superficiality. Thus, we can combine the major contents of the investigations with the work of the standing committees and supervision with legislation in a more satisfactory manner. In this way, better results can be achieved in the work of the standing committee.

5. It is necessary to earnestly strengthen the construction of the standing committees and their work organs. In order to turn the standing committees into useful organs of state power which are capable of meeting the requirements of creating a new situation in socialist construction, it is necessary to strengthen the study of political theories and professional knowledge and unceasingly to improve the level of political and ideological understanding and professional competence of the members of the standing committees and the personnel of the organs. Since the establishment of the standing committees, we have been motivated by the principle of developing our work in our studies and deepening our studies in our work to summarize experience and to make improvements while working and studying. We have gradually gained an understanding of the work of the standing committees and we have discovered some tentative work methods. However, in view of the responsibilities born by the standing committees of the people's congresses, we can only say that our work has just taken the initial step. Our

understanding of many problems is still far from adequate, there are many problems which we have just started to tackle, our work fails to keep pace with the march of events, and our ideological level, professional knowledge, work method, and style still have a long way to go before they can meet the requirements of the work. The new Constitution includes many new articles and provisions concerning regional autonomy of minority nationalities. It is stipulated that all the organs of self-government of the areas which practice national autonomy can implement the state's laws and policies according to actual local circumstances. The people's congresses of the areas which practice national autonomy have the right to formulate autonomy regulations and other specific regulations according to the political, economic, and cultural characters of the nationalities of these areas. In addition, under the guidance of state plans, they can independently make arrangements for and administer their own economic constructions. All these stipulations tell us that the autonomy of the areas which practice national autonomy are expanding, that the state organs of these areas bear heavier responsibilities, and that stricter demands have been placed on their work. The basic task of the autonomous regional people's congress and its standing committee is to proceed from the actual circumstances in exercising well the powers of office prescribed by the "Constitution." In recent years, although we have defined the regular work of the standing committee and made some achievements, we are, however, still at the stage of making experiments. We have little mature experience in exercising all the powers of office prescribed by the law and our work in economic legislation and national legislation is in particular far from being able to meet the demands of the development of objective circumstances. In the future, it is necessary to strengthen further the construction of the standing committees and their offices, to study earnestly, to have the courage to practice and to make innovations, to give full play to the initiative and creativity of each member and worker of the standing committees, and to heighten unceasingly the efficiency of the standing committees of the people's congresses. In addition, we should make a success of the reforms in order to effect the three fundamental turns for the better and to develop the "five stresses, four beauties, three loves" drive in order to make contributions to creating a new situation in all fields of the socialist modernizations of our region.

Fellow delegates! The term of office of the standing committee of the fourth autonomous regional people's congress has expired and the standing committee of the fifth autonomous regional people's congress will be formed soon. We wish the new autonomous regional people's congress and its standing committee greater success.

Please consider the above report.

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July 15, 1983